

Cabinet Background documents



8. **Local Implementation Plan Funding: 2022/23 - 2024/25** (Pages 3 - 4)
Cabinet Member: Cabinet Member for Sustainable Croydon, Councillor Muhammad Ali
Officer: Interim Corporate Director Sustainable Communities, Regeneration & Economic Recovery, Sarah Hayward
Key decision: yes
15. **Investing in our Borough** (Pages 5 - 140)
Cabinet Member: Cabinet Member for Resources & Financial Governance, Councillor Callton Young
Officer: Interim Corporate Director Resources, Richard Ennis
Key decision: no
- 15c) **Microsoft Enterprise Subscription Procurement Strategy** (Pages 141 - 150)
Cabinet Member: Cabinet Member for Resources & Financial Governance, Councillor Callton Young
Officer: Interim Corporate Director Resources, Richard Ennis
Key decision: no
17. **Covid-19 recovery for BH Live** (Pages 151 - 172)
Cabinet Member: Cabinet Member for Culture, Leisure & Sport, Councillor Oliver Lewis
Officer: Interim Corporate Director Sustainable Communities, Regeneration & Economic Recovery, Sarah Hayward
Key decision: yes

Katherine Kerswell
Chief Executive
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Agenda Item 8

From: [REDACTED]
Sent: 17 December 2021 18:34
Subject: Extension of TfL funding deal to 4 February 2022

Dear Members

We have today agreed a further short-term extension to our current funding agreement with the Government. The extension will continue to 4 February 2022 and will allow us to run services and meet all our contractual commitments until then.

No new Government funding has been provided for borough funding and active travel during the extension period. Funds already allocated from both the June settlement and the Government's Active Travel Fund are still available to continue the delivery of agreed projects, but we are unfortunately not able to allocate any new funding to boroughs during the extension period.

I understand this is disappointing, however we are grateful for this support and, given the very short-term nature of this new funding extension, work must now continue to engage the Government in meaningful discussion on long-term sustained funding so that a hugely damaging period of managed decline can be avoided.

We are determined to play our full role in the next phase of pandemic and continue to support the capital as we have to date.

If you have any questions, please don't hesitate to ask.
Kind regards,

Strategic Engagement Lead
Transport for London

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Contract Award Report

Date of meeting	7/10/21
By	Rowland Gordon Highway Asset Manager Public Realm
Title	Streets IT system contract award
Project Sponsor	Steve Iles, Director of Public Realm
Executive Director	Sarah Hayward <i>Director of Culture & Community Safety</i>
Lead Member	Cllr Muhammad Ali Cabinet Member for Sustainable Croydon
Key Decision	n/a

1. Recommendations

The Cabinet Member for Sustainable Croydon in consultation with the Cabinet Member for Resources and Financial Governance is recommended to:

1. approve the award of a contract to Confirm Solutions Limited for supply and support of the Streets single integrated IT solution for a period of four years at a total contract value of £ 549,457.92.

2. Background & strategic context

On May 9 2018 CCB approved a contract award (CCB1353/18-19) to Pitney Bowes Software Europe Limited (Pitney Bowes) (now Confirm Solutions Ltd) (for a maximum term of 4 years (2+1+1) comprising two years initial period plus 2 x one year extensions with a total contract value of £477,736. This is a single system which supports statutory activities across Highways, Trees and Woodlands and the Playground Maintenance service.

The service was engaging with Procurement Board for the approval of a final one year extension of the existing contract and a variation to acquire additional licences required for 15 extra concurrent desktop and 5 Confirm Connect mobile user licences for additional staff members due to the expanded use of the software across a number of services. However following discussion at Procurement Board, the supplier was approached to seek potential contract savings.

A proposal has been received from the supplier offering a saving of 4% against what would be the annual value for 2021/22 in return for committing to a 4 year arrangement which will run from this years renewal date of 28/9/21. The contract will be a call off from the G Cloud 12 Crown Commercial Services framework which is compliant with Public Contract Regulations and the Council Tenders and Contracts Regulations. Note the contract start date will be deemed to have commenced on 28/9/21 and run to 27/9/25. The contract can be terminated at any time of 90 days notice.

The Highway, Trees and Woodlands and Playground Maintenance services require continued use of the system for service delivery and to build on the financial and operational benefits the single system has brought having previously receiving approval from the Digital Operations Board on 24 February 2020 and approval by the Contracts and Commissioning Board (CCB1581/20-21) in 2020 to proceed with the initial Year 1 contract extension last year.

3. Contract Providing for a Statutory Requirement

The provision of the service supports the delivery of a number of statutory and non-statutory functions of the council including:

- Managing the highways contract for the maintenance, repair and planned improvements for the highway
- Managing the activity of utility companies on the highways and footways
- Inspections and contract monitoring of the utilities and highways contractor
- Engineering works on the highway and footway
- Licenced activity on the network, closure, events and changes to the highways and footways e.g. off street parking
- Managing our Trees and Woodlands service

4. Financial implications

Details				External		Period of funding
				Capital	Revenue	
The proposed award the will be funded from the highways revenue budget C14905 which has a budget of £141,000 annually to cover this cost.	n/a	£137,364 per year (£ 549457.92 total)	48 Months to Sept 2025 From 21/22 To financial year 25/26			

Finance Manager Comments

There is a budget available for £141k pa for the contract term of 4 years to cover the £137.3k pa implication from this report. Prior to the offer from the supplier, the department was facing a budget shortfall to cover the annual contract cost which required funding from underspends in other budgets. The revised offer means annual contract charges can now fully funded by the available budget.

Essential Spend Criteria

The expenditure is considered to meet essential spend criteria: The contract is for a solution supporting delivery of statutory services.

- expenditure required to deliver the council's provision of essential statutory services at a minimum possible level

5. Supporting information

5.1	Procurement Process followed: Incl. details of the competition, advertisement, tenders received and any clarifications or issues.	This new arrangement has utilised the G Cloud 12 framework to re-procure the solution. A search and filter is run on the G Cloud portal to produce a long list, or a short list of suitable suppliers/solutions against high level criteria. That search and filter produced a single result for this supplier and solution and the framework then allows for an award based on that result. This is the only solution capable of meeting all the requirements for a single solution. While there were several Highways asset management solutions on offer, only this solution can provide the integrated functionality required for the Trees and Woodlands service.
5.2	Evaluation results: Incl. each providers scores in accordance with the published criteria. Winning providers VFM offer	High level requirements are compared to the published service description on the framework. Note the solution has been in use for 3 years within the council and the features and functions and ability to meet council requirements are fully documented. The financial offer delivers a 4% saving against the annual charges the council would have incurred for the 2021 renewal. The charges are fixed for 4 years – avoiding indexation uplifts. The contract will reflect this this

5.3	Any compliance issues with PCR or TCR?	<p>This is PCR compliant framework call off.</p> <p>A waiver to TCR regulation 8.1 is requested in respect of the requirement for a Strategy report.</p> <p>As there is no social value offer, a waiver to Regulation 14 is requested</p>
5.4	Contract Management: Please detail how this will be delivered and by who?	<p>The management of the contract is led by the Highways Service. The overall level of service is reviewed at regular contract meetings with representatives from service managers and the supplier account management and service delivery team and the contract is working well. There is also an element of involvement from Croydon Digital Services.</p> <p>The solution is already in place working well and there are no supplier performance issues.</p> <p>The contract allows for termination after 12 months initial term.</p>
5.5	Risks: Incl. how they will be managed	<p>Key Risks</p> <p>Lack of solution will lead to:</p> <p>Service delivery risk in Trees</p> <p>Organisation liability – insurance risk</p> <p>Mitigation - extend existing contract but at higher annual cost than new arrangement.</p> <p>Highlighted by the Corporate Risk and Insurance team is an increasing risk to the public, and to the organisation, through claims related to tree damage or injury. Given increased adverse weather risk, there is a need to increase inspection rates and improve the information we hold on these assets, ensuring our record of inspection and maintenance is kept up to date in order to improve our response to claimants and reduce the number of incoming claims.</p> <p>Procurement challenge</p> <p>Any risk is considered low –a framework call off has been followed.</p>
5.6	Mobilisation plan How will it be managed?	The solution has been in place since September 2018 and there are no further mobilisation plans required
5.7	Decommissioning plans: How will they be managed between providers?	<p>There will be no need for decommissioning and mobilisation of a new service provider until September 2025. Exit obligations are provided for in the call off terms.</p> <p>The service will need to address future requirements and potential re-tendering when the new arrangement nears the maximum contract length allowed under the framework of 4 years.</p>
5.8	TUPE: If applicable, how will it be managed?	N/A
5.9	Interdependencies – If any: Incl. details of any arrangements i.e. Landlords, Consortiums, Assets connections and how they will be managed	There will be no need for any amendments to the existing interdependencies between sections within the council eg Trees and Woodlands, playground maintenance, highways, etc.
5.10	GDPR implications:	

	Has an assessment been completed, do legal know to include in t&cs?	IM were consulted when the solution was procured. The system does not hold or process personal data (as defined by the Data Protection Act 1998), only non-personal asset data.
5.11	Equalities: Please confirm how the proposed contract will support the EQIA?	An Equalities impact Assessment report was completed and signed-off which concluded no single group will be adversely affected by the current system.
5.12	Social Value: Please confirm how the provider will deliver the 10%?	There is no social value offer in the contract
5.13	London Living Wage (LLW): Please confirm the provider pays LLW?	The framework terms require the supplier to ensure that that all wages and benefits paid for a standard working week meet, at a minimum, national legal standards in the country of employment.
5.14	Premier Supplier Scheme (PSP): Please confirm this is included in the requirements	The supplier is not part of the scheme but can be invited to participate.

Options considered

Do nothing.

This would lead to existing contracts expiring and needing to be replaced by procurement exercises. The combination of all the services into one system has provided operational efficiencies as well as financial savings.

In addition the Confirm system is embedded within the Next Generation Highways Contract and the provider, FM Conway, is expected to interface with the system to allow for the transmission and receipt of Task Order and other related data. A failure to extend the contract with Confirm Solutions Limited could result in a claim against the Council due to the need for the Contractor to change their works management system with such short notice.

In addition the system is used to manage and record the highways inspections that are carried out by the authority as a part of its "special defence" under S58 of the Highways Act 1980. A failure to provide a defence will expose the Council to additional claims and will, more than likely, see increased levels of payout as a consequence.

Extend the contract

The extensions are built into the contract and were approved as part of the contract award. This is a low risk approach reducing resource demands and allowing the service to continue to derive the benefits from the single solution. The cost of exercising the option extension is within the original contract award budget

Run a tender

The option of running an OJEU tender was undertaken prior to the G Cloud procurement leading to the contract award and had failed to find a successful bidder. Resource constraints as a result of the financial impact on the department would impact the ability to fully resource a project team to run a procurement.

6. Conclusion and reasons for recommendations

The recommendation is to award a contract for the supply and support of an Streets integrated IT solution 4 years from 29th September 2021 to 28th September 2022 at a total cost of £ 549457.92 for the reasons set out below.

Continued use of the Streets single system allows for the development of a master data set of all infrastructure assets accessible from a single data source which enables better planning and co-ordination of works which impact on the ability of citizens and visitors to travel through the borough.

The contract will fix the price for the next 4 years, saving 4% against current charges.

7. Outcome and approvals

Outcome	Date agreed	
<i>Insert outcome of Board discussion</i>	Service Director <i>(to confirm Executive Director has approved the report)</i>	21/9/21
	Cabinet Member for Resources & Financial Governance	25/11/21
	Legal Sonia Likhari CCBReportsforlegal@croydon.gov.uk	29.10.21
	Head of Finance	16 th September 2021
	Human Resources (if applicable) n/a	n/a
	C&P Head of Service Scott Funnell	13/9/21
	Lead Member Cllr Muhammad Ali <i>(for contract award over £500k)</i>	21/09/21
	Procurement Board	CCB1711/21-22 – 26/11/21

8. Comments of the Council Solicitor

There are no additional legal considerations directly arising from this report

Approved by Sonia Likhari on behalf of the Director of Law and Governance

9. Chief Finance Officer comments on the financial implications

Approved by *Michael R Jarrett* on behalf of the Chief Finance Officer

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Contract Variation Report

Date of meeting	18/11/21
By	Tara Kellard, Transactional Finance Manager, Finance Investment and Risk
Title	Income Management, Cash Receipting and Electronic Payment processing system
Project Sponsor	Black, Catherine Head of Payments, Revenues, Benefits and Debt
Executive Director	Richard Ennis Interim Director of Finance Investment and Risk and Section 151 Officer
Lead Member	Cllr King Cabinet Member for Croydon Renewal
Key Decision	5921RFG The notice of the decision will specify that 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.

1. Recommendations

The Leader of the Council is recommended to :

1. Approve the variation of the current contract with Capita Business Services Ltd for the provision of Income Management, Cash Receipting and Electronic Payment Processing services for an additional contract term of 7 years from 01/5/2022 to 30/04/2029 (which includes additional barcoding bill payments service) for a value of £3,709,741 bringing total contract value to £4,789,741 and total contract length to 10 years.

2. Background & strategic context

The Council currently operates Income Management, Cash Receipting and Electronic Payment (e-payment) processing systems as part of arrangements to receive and manage payments into the organisation.

The contract with Capita was let on 1/5/2019 under the Kent County Supplies (KCS) managed services for business solutions framework for 3 years at a value of £1,080,000. Decision Ref 1119FR. CCB reference CCB1477/18-19.

The Council currently uses an income management system for cash collection and income distribution, e-payments and card payment processing. The Council relies on the system as a mechanism for processing payments made to the council. The arrangement provides the platform to ensure payments totalling an average of £783.5m per annum can be processed accurately and efficiently.

The system needs to interface with a number of critical business systems across the organisation to ensure income is correctly managed.

The Council also utilises a hosted solution for credit and debit card payments. This includes telephone payments, automated telephone payments, face to face payments and on-line payments. Through this system the Council processes over 419,400 card payment transactions per year, with a value of approximately £69.2m.

Payments are verified immediately with the banks to ensure that the card is valid and sufficient funds are available. Acting as a merchant (card payment transaction processors) the Council must comply with the

payment card industry data security standards (PCI DSS). The hosted solution is PCI DSS accredited, which passes on much of the responsibility for compliance to the supplier and reduces the Council's potential exposure.

Retailers or merchants who accept debit or credit cards pay a merchant service charge to their merchant service provider which is passed on to the Council by the provider.

The contract will be managed by the payments team and contains a performance mechanism to monitor supplier performance via regular service review meetings.

The Council is facing significant budget pressures and has been working with current suppliers to elicit genuine contract savings. The result of these discussions is an offer from Capita Business Services to lower card processing charges and support costs to the Council in exchange for committing to a variation of our current for an additional 7 years via the current KCS Managed Services Framework from Kent County Council. This is an allowable variation under the framework. The Council, on current transaction volumes, would save approximately £27412 per annum in charges and achieve an overall saving of £191,884 over the 7 year term.

In addition by adding barcoding electronic bill payments to this contract (current supplier Allpay) when the current contract expires 30 September 2022 will achieve approximately another £42,000 in savings. If the Council were to change supplier there would be significant ICT/Project costs as well as resource issues across the Council in changing critical back office systems that interface with the income management system.

3. Contract Providing for a Statutory Requirement

The income management, cash receipting and electronic barcoding payment processing services supports statutory services such as income from the processing of Council Tax and NNDR which is a statutory requirement under the Local Government Finance Act. Income collection is critical for the council and a number of payment channels are available to meet our obligations for payment of statutory services through a number of payment channels.

4. Financial implications

Section 114 Essential Spend

The requirement is considered to meet the essential spend criteria:

- Expenditure required to deliver the council's provision of statutory services at a minimum possible level (The income management, cash receipting and electronic payment processing services are essential to enable income collection for statutory services offering a number of payment channels)
- Expenditure necessary to achieve value for money or mitigate additional in year costs

By extending the current contract and adding an additional service this will ensure that the Council achieves maximum savings on current contract costs and will enable us to continue the service without interruption.

The current annual contract costs are £58,000 for annual support and maintenance for the income management system plus £434,103.03 for card charges for 2020/21 - total £492,103.03 pa.

The contract extension will commit the council to expenditure of £53188 for annual support and maintenance plus £411,503.03 card charges based on current value and volume of payments – total £464,691.03. This achieves a saving of £27,412 per year and £191,884 over the term of the extension period of 7 years.

Transaction charges will be fixed for the contract period as no indexation will apply.

The annual cost is met from revenue budgets across the organisation from the various departments utilising the cash management income system. The contract is managed by the payments team and they are responsible for recharging all card processing charges on a monthly basis against the relevant departmental budgets.

In addition by adding an additional service to this contract, barcoding electronic bill payments, when the current contract ends in September 2022 will achieve further savings of approx. £7,000 per year and £42,000 over the remaining term of the contract (6 years). Transitioning electronic bill payments from one provider can take up to 6 months in total and there is sufficient time for this to be actioned before the current contract expires.

Total savings £233,884 over 7 year years.

Details	Internal		Period of funding	External		Period of funding
	Capital	Revenue		Capital	Revenue	
Cost of original contract		1,080,000				
Cost of variation		3,709,741				
Aggregated value		4,789,741				

(All costs are met from current revenue budgets across various departments utilising electronic bill payments and taking card payments – recharged monthly)

5. Supporting information

TCR/PCR Compliance

The contract was procured using the KCS framework which is a PCR compliant framework.

A variation is allowed under the framework terms. There is no maximum contract term limit. A variation can be entered into as long as both parties agree.

There is a procurement risk as the value of the variation will exceed the thresholds set out in PCR Regulation 72 (1) [c] and the variation does not otherwise meet the safe harbour provisions of Regulation 72. The risk of procurement challenge is considered low however. Capita are the only supplier on the framework offering the services. The contract can be terminated on 3 months' notice after 31 March 2022.

Performance of the contract and contract management

Supplier performance has been acceptable with no major concerns and no escalations. The service manage the contract that contains a performance mechanism with support from the Category Manager as required. Regular service meetings take place with the account manager.

Options considered (including going out to tender)

The current contract expires 31 May 2022 and going out to tender would have been considered, however, with the impact of the pandemic and the financial position of the Council the focus changed to securing a contract saving and avoiding the costs of implementing a different income cash management solution. Also, as our current supplier can offer barcoding bill payments as an additional service this

means further savings could be achieved by transitioning this service to them over the next 12 months. Our existing supplier agreed to an immediate reduction in card charges upon the extension of the current contract.

- Re-procurement is not recommended at this time for the reasons of both securing a real reduction in contract charges and the avoidance of project and implementation charges. These costs would exceed £300k as we have seen with new interface costs and the recent housing re-procurement cost of £2.5m. There is no guarantee that we would achieve the same savings on annual support, maintenance and transaction charges.
- Reductions in transaction charges will take effect from the point of contract variation signature and the provider has agreed to fixed charges for the contract term – no indexation.
- Increases in transaction charges which take effect next year will be avoided.
- There is a discount against the support and maintenance charges by combining with the transaction services.
- Comparison of transaction rates offered by Capita on other frameworks shows that the rates offered for this arrangement are lower.
- The Council has already made a significant investment in the current solution for income management system, cash receipting system and e-payments, provided by Capita. The system interfaces with a number of critical business systems across the organisation which would mean a project to replace the existing system would be complex in nature, requiring expert resources from across the organisation and from a number of third-party providers, resulting in significant costs

Key Risks

The Council holds licenses for the Capita Business Services Ltd income management system software in perpetuity. This manages the income into the Council and allocates income to the relevant systems to ensure records align across the organisation. It would not make financial sense to replace this unless there were issues as both the costs and risks of this change are very high.

The option of splitting the transactional services from the software support contract was investigated and, whilst this is possible, to tender for the payment system and the payment transaction services separately, it is a high risk approach that would incur significant costs/ resources at a time when ICT resources are already stretched with numerous projects. The discount received by the council for combining the two will be lost should we retain the same income management system but migrate to another payment transactions provider. It might cost us more and we have incurred project time and costs in re-procurement

The lack of payment and income processing would cause significant damage to the Council as it would be unable to take payments which will then impact on residents and on the services provided. This new contract will ensure a continuity of service through a PCR compliant framework negating the risk of challenge from others, provide best value whilst meeting the Council's needs and achieve savings on existing costs. The risk and cost of moving this critical service would then be avoided.

There is a risk in respect of non-compliance with PCR regulation 72. However the risk of challenge is considered low and are to be compared to the benefits of accepting the risk in return for cost avoidance and reducing operational risks as set out above.

HR

There are no immediate HR implications that arise from the report for the workforce at Croydon Council.

PSP

The supplier has not signed up to the scheme but will be invited to join.

Equalities Impact

An Initial Equality Analysis was undertaken to assess the likely adverse impact the contract award would have on protected groups compared to non-protected groups. The analysis concluded that a full equality analysis was not required because the procurement of the Income Management, Cash Receipting and Electronic Payment processing systems would not have any adverse impact on protected groups compared to non-protected groups.

Environmental Impact

There are no environmental impacts arising from this award.

Crime and Disorder Reduction Impact

There are no Crime and Disorder impacts arising from this award.

Interdependencies

There is a payment transactions processing contract with Allpay for processing payments to the council through PayPoint/Post office. Those transactions will be transferred into this contract when that arrangement ends in September 2022 at an estimated additional cost of 76k pa and that contract will be terminated.

The income management system interfaces with multiple Croydon systems.

GDPR

Information Management have confirmed a DPIA is not required and have advised that there is no sharing of personally identifiable data and therefore there is no requirement to complete a DPIA and do not see any GDPR implications with the variation to the contract.

Note that the Capita service and solution is Capita fully PCI DSS level 1 compliant as below:
PCI DSS Level 1 certified: Payment Card Industry Data Security Standard (PCI DSS) Level 1 Compliant since 2005.
PA-DSS compliant software: Payment Application Data Security Standard (PA-DSS) certified since 2009.
PCI PTS compliant card machines: PIN Transaction Security (PTS) on all our Chip & PIN devices.
P2PE used for mobile Chip and PIN and Point-to-Point Encryption (P2PE) on our mobile Chip & PIN devices

Social Value

Capita will be asked to provide social value deliverables under the varied agreement.

6. Conclusion and reasons for recommendations

A summary of the purpose of the report and reasons for recommendations

The report recommends the variation of the contract to extend the contract for a further 7 years and add an additional service utilising the KCS Framework in order to yield a saving in contract charges as part of the councils savings programme. Details below of options considered and rejected which support this recommendation.

options considered:

1. Do nothing - this would result on the contract expiring and use of the income management system would cease resulting in the lack of payment and income processing causing significant damage to the council as it would be unable to take payments which will impact on residents and on the services provided. This option is considered not viable.

2. Engage the market through a formal tender process - running a procurement would cost additional money in order to pay for project costs, resources and ICT cost involved in changed numerous back off systems that interface with the cash receipting system.
3. Separating the payment transaction services from the payment system support and tender for the transaction services. Would increase the support charges as the applied discount would end.
4. Re-contract with Capita for a new agreement via the new framework next year when current contract ends. Note transaction rates will be higher than under the current arrangement.
5. Vary the contract and negotiate a saving on contract costs in exchange for a longer term commitment.

7. Outcome and approvals

CCB outcome	Date agreed	
<i>Insert outcome of CCB discussion</i>	Service Director to confirm executive director approval – Richard Ennis	<i>Matt Davis 7/12/21</i>
	Cabinet Member for Resources & Financial Governance (C&P to action) – Cllr Young	<i>2/12/21</i>
	Finance – Matt Davis	<i>7/12/21</i>
	Legal (C&P to action) send to reportsforccb@croydon.gov.uk	<i>26.10.2021</i>
	Lead Member (<i>for values +25% contract value</i>) Cllr King	<i>7/12/21</i>
	C&P Head of Service	<i>11/10/21</i>
	CCB copy to ccb@croydon.gov.uk	<i>CCB1712/21-22 7/12/21</i>

8. Comments of the Director of Law and Governance

Relevant legal considerations are addressed in the report. Whilst the risk of successful procurement challenge has been judged as low, it would be prudent to negotiate a provision enabling the contract to terminate immediately in the event of challenge, or to bring forward the date from which termination on notice can be served.

Approved by Sonia Likhari, Corporate Solicitor, on behalf of the Interim Director of Law and Governance

9. Chief Finance Officer comments on the financial implications

This award generates savings of £234k over seven years and as such delivers a saving

Approved by *Matt Davis*

Deputy r151 Officer

REPORT TO:	Leader of the Council 20 December 2021
SUBJECT:	Variation to Extend Child Development and School Readiness Services (4 contracts)
LEAD OFFICER:	Debbie Jones, Interim Corporate Director Children, Young People and Education Shelley Davies, Director of Education Shelley Prince, Head of Service Children’s Integrated Commissioning & Procurement
CABINET MEMBER:	Alisa Flemming Children, Young People & Learning
WARDS:	South of the borough: New Addington North; New Addington South; Selsdon & Addington Village; Selsdon Vale & Forestdale; Sanderstead; Purley Oaks & Riddlesdown; Purley & Woodcote; Kenley; Coulsdon Town; Old Coulsdon
<p>COUNCIL PRIORITIES Croydon Renewal Plan</p> <p>These services are aligned to the council’s new priorities and ways of working in which we will:</p> <ul style="list-style-type: none"> • Live within our means, balance the books and provide value for money for our residents • Focus on tackling ingrained inequality and poverty in the borough • Follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice • Focus on providing the best quality core service we can afford. 	

For Publication

The proposals in this paper meet the Council's duty to ensure there is provision for statutory early childhood services and meet the criteria for essential expenditure in accordance with Croydon Renewal Plan.

Policy Context

The *Best Start for Life, Early Years Review Report* (March 2021) sets out a new requirement for local authorities to demonstrate how they will improve support for children and their parents during the first 1001 critical days and how they intend to achieve new national goals.

Legislation

Under the provision of the Childcare Act 2006 and Apprenticeship, Skills, Children and Learning Act 2009, the Council has a statutory duty for the provision of early childhood services. The Act requires the Council to:

- Make arrangements to secure that early childhood services are provided in an integrated manner, to facilitate access to those services and maximise the benefit of those services to parents, prospective parents and young children
- Ensure that such consultation is carried out before making significant changes
- Ensure sufficiency of children's centre provision to meet local need.

Croydon Best Start

Croydon Best Start is a partnership approach in delivering statutory early childhood services to support families from pregnancy until their child starts school. Across the partnership, midwives, health visitors, children's centres, early years and the voluntary sector work together to deliver prevention and early intervention to improve children's outcomes, particularly for those most in need.

FINANCIAL IMPACT

The financial value of extending all 4 Agreements and Contracts for the period 1st January to 31st May 2022, if agreed, will cost the Council £202,000. An additional 3 months, to a maximum of 8 months, would cost a further £120,000.

If agreed the Council will be committing to an aggregate spend of £3,706m for the South Locality Children's Centres (£11,943m for all 8 Children's Centres awarded in April 2016 up to and including 31st December 2021, and the proposed value to extend contracts for the South Locality Children's Centres up to May 2022, with the possibility that this may be up to 31st August 2022 as a result of procurement timescales).

The value of each contract type is outlined in the table below:

For Publication

Best Start contracts	£'000 Per annum (2021/22)	£'000 Aggregate 5yrs + 9mths (1/4/16 – 31/12/21)	£'000 5mths extension (1/1/22 – 31/5/22)	£'000 Aggregate 6yrs + 2mths (1/4/16 – 31/5/22)	£'000 8mths extension (1/1/22 – 31/8/22)	£'000 Aggregate 6yrs + 5mths (1/4/16 – 31/8/22)
Locality Children's Centres Hubs and Spokes	1,163	8,237		8,237	8,237	8,237
4 Children's Centres (South Locality)		3,383	202	3,585	322	11,943
Total		11,620	202	11,822	322	11,943

- The annual budget for these services is aligned to the Croydon Renewal Plan and Medium Term Financial Strategy (MTFS) savings programme. These proposals seek to extend contracts on the existing budget whilst pursuing in-year efficiencies wherever possible. By seeking a variation to extend, the Council will mitigate the risk of a judicial review; gap in provision and risk to employee employment rights.
- A new and approved procurement strategy will be required to re-tender for these services in February 2022.

FORWARD PLAN KEY DECISION REFERENCE NO: 6921LR

This decision needs to be taken under SPECIAL URGENCY.

REASON FOR SPECIAL URGENCY: This decision could not be reasonably delayed as the procurement for these statutory services closed in October 2021 with no bidders and current contracts come to an end on 31st December 2021 presenting the following risks:

1. Gap in service provision, particularly for vulnerable children, their parents and carers in need of support and those who continue to be affected by the pandemic
2. Risk to employee employment rights as current contracts end on 31st December 2021
3. Judicial review for failing to make available statutory services to support the wellbeing of very young children and reduce inequalities

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangement) (Meetings and Access to Information) (England) Regulations 2012.

Awards made under this delegation will be notified in the standard contracts report at future Cabinet meetings.

The Leader of the Council has the power to make the decisions set out in these recommendations.

1. RECOMMENDATIONS

The Leader is recommended to approve the 4 contract variations for Best Start South Locality Children’s Centres for a period of 5 months (1st January 2022 to 31st May 2022), with the option to extend for a further 3 months for an additional value of £120,000 and an overall maximum contract value of £3,706,000 across the 4 Contracts.

2. EXECUTIVE SUMMARY

2.1 This report is seeking a variation to extend the Best Start Contracts and Agreements for the South Locality Children’s Centres for a further 5 months from 1st January to 31st May 2022 with the option to extend for a further 3 months should this be required due to procurement.

2.2 Child Development and School Readiness services delivered by Children’s Centres are part of a wider offer with Parenting Aspirations and Parenting Skills services commissioned through Best Start. Funding for these services are through the General Fund at an annual contract value of £1,432,533 per annum, distributed as follows:

Best Start Services	
Lot 1 Locality Children’s Hubs & Spokes	Annual Contract Value
Lot 1a – Kensington Avenue, North locality	£ 339,109
Lot 1b – Selhurst, Central locality	£ 505,741
Lot 1c – Woodlands, South locality	£ 317,683
	£1,162,533
Lot 2 – Parenting Aspirations and Parenting Skills	£ 205,000
Parent Infant Partnership	£ 64,000
Total	£1,432,533

2.3 There is a legal requirement on the local authority to secure arrangements for early childhood services for very young children and their families; improve their wellbeing and reduce inequalities. A gap in service would have a significant impact on children’s emotional and physical wellbeing outcomes and disrupt support for families, particularly during the first 1001 critical days.

2.4 The strategy for the procurement for the new Children’s Centre Locality Hub and Spoke model, agreed by Cabinet in July 2021 (reference 2321CAB) ended with no suitable bids for the South locality.

2.5 A new contract has been awarded to a new provider in North and Central localities through the procurement strategy (reference 3721CAB) and award

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(reference 5321LR) to the successful bidders. Should the recommendation in this report not be approved, there would be a gap in services in the South of the borough where families would have no access to the support they need, placing additional burdens on more expensive statutory services, leaving the Council exposed to a significant number of risks for the following reasons:

- There is a statutory duty to provide these services
 - Complaints from residents who clearly expressed in the public consultation in May 2021, that they wanted services to be accessible, locally
 - Lack of consistency of provision, equity for families, leading to poor outcomes for children living in parts of the borough with high levels of deprivation
 - Lack of join up and partnership working in localities
 - The Council could be exposed to a judicial review and political challenge
- 2.6 Timelines for governance and a procurement will risk a gap in service provision, exposing the council to the significant risk of litigation due to staff eligible for TUPE, and service user complaints.
- 2.7 To mitigate this risk and safeguard access to services, in particular for vulnerable families and parents with very young babies, it is recommended to extend the current contracts for up to a period of 5 months (1st January 2022 to 31st May 2022), with the option to extend for a further 3 months to enable continuity of provision and protect staff employment rights.
- 2.8 A new procurement strategy would be presented for approval to retender for the South Locality Children's Centre Hub and Spokes. The timeline for this is set out at paragraph 4.3.

3. DETAIL

Context

- 3.1 The redesign of Best Start Children's Centres was approved by Cabinet on 26th July 2021 and the procurement strategy for Croydon Best Start services by CCB on 21st July 2021 (CAB1680/21-22).
- 3.2 Contracts for these services are required for the delivery of the following shared Best Start outcomes, and those specifically highlighted in bold:
- **Children are prepared and ready for school**
 - **Children are emotionally well**
 - **Children are healthy and physically well**
 - **Children are safe and protected from harm**
 - **Parents are self-reliant and have strong and supportive social networks**
 - **Parents are emotionally well**
 - Parents are healthy and physically well

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- Parents can access employment and training
- **Practitioners are confident and skilled and work together to delivery high quality services**

3.3 Croydon Best Start is a holistic approach to early intervention and prevention to ensure babies, children, mothers, fathers and carers receive the support they need, as early as possible in a child's life, or as concerns emerge, ensuring onward referral or signposting to the services required.



3.4 Established on the principles of co-design and partnership working, the shared Best Start outcomes remain central to our ways of working across an early years partnership to improve outcomes and reduce inequalities.

Current contractual position

3.5 New contracts have been awarded for the North and Central localities, however no provider has been awarded for the South Locality. The Current suite of Best Start contracts come to an end on 31st December 2021 which include these 4 contracts to be extended, leaving the Council exposed to significant risks as outlined above.

3.6 Following Cabinet approval (reference: Croydon Best Start Child Development & School Readiness Services Designated Children's Centres 2016-2018, agenda item 10.2., minute March 2016 A23/16), Contracts and Service Level Agreements (SLAs) were awarded in 2016 to providers of 9 Designated Children's Centres in the London Borough of Croydon. The award was for contracts with an initial term of two years, with an option to extend for a further period of up to 12 months.

3.7 Contracts and Agreements were let in 2016 for 2 years (April 2016 to March 2018) and extended in 2018 following CCB recommendation for approval (CCB ref 1319/17-18, 01/02/2018) for 1 year (April 2018 to March 2019).

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- 3.8 In August 2018 following CCB recommendation for approval (CCB ref 1390/18-19, 31/08/18), the suite of Best Start contracts were extended for a further period of 1 year (April 2019 to March 2020). In January 2020, following CCB recommendation for approval (CCB ref 1549/19-20, 28/1/20), contracts were further extended for a period of 5 months (April 2020 to August 2020). The five month extension allowed for contracts to be aligned to the school budget year September to August.
- 3.9 Recommissioning activity which was planned to take place in 2020, had to be delayed due to the coronavirus pandemic to enable the Council to manage staffing and redeploy resources to critical services for its residents. Pursuant to Part 5 A Article 1.7 (Urgency Decisions) of the Council's Constitution the Cabinet Member for Children, Young People and Learning in consultation with the Cabinet Member for Finance and Treasury was recommended as the relevant body to approve the extension by way of variation of the Best Start suite of contracts by a further 12 months (1st September 2020 to 31st August 2021) for an aggregate value of £2,810,000 to give a maximum aggregate contracts value of £15,656,000 (CCB ref no 1573/20-21).
- 3.10 The statutory consultation to inform the recommissioning of the Best Start services was delayed from January to May 2021 due to the consultation on the Croydon Renewal Plan and approval of Council. In June 2021 following CCB recommendation for approval (CCB ref CCB1685/21-22) the Best Start suite of contracts were extended for a further period of 4 months (1st September to 31st December 2021) to allow sufficient time for procurement.
- 3.11 The new aggregate value for the whole Best Start Children Centre suite of contracts from 1st April 2016 to 31st May 2022 is £11,822 (up to £11,943 should the further 3 months be required).
- 3.12 The total annual budget in FY 2021/22 for these services for the South Locality is £318,000 (£1,163,000 for 3 Locality Children's Centre Hubs and Spokes).
- 3.13 Contracts and Agreements are with the following providers:
- Oasis Academy Bryon (Oasis Trust): Byron Children's Centre
 - Fairchildes Academy: Fairchildes Children's Centre
 - Purley Oaks Primary School: Purley Oaks Children's Centre
 - Gilbert Scott Primary School: Woodlands Children's Centre

The table below provides a breakdown of the four Contracts and Agreements comprised in the South Locality sub lot since April 2016:

South Children's Centres	Original term 2+1				Extensions				AGGREGATE VALUE Apr 2016 - Dec 2021	Proposed extension Jan 2022 - May 2022 ¹	AGGREGATE VALUE Apr 2016 - May 2022
	Apr 2016 - Mar 2017	Apr 2017 - Mar 2018	Apr 2018 - Mar 2019	Apr 2019 - Mar 2020	Apr 2020 - Aug 2020	Sept 2020 - Aug 2021 ^{1,2}	Sept 2021 - Dec 2021 ^{1,2}				
Byron Children's Centre	£ 109,887.00	£ 109,887.00	£ 109,887.00	£ 109,887.00	£ 45,786.25	£ 101,455.84	£ 31,422.49	£ 618,212.58	£ 39,278.11	£ 657,490.70	
New Addington Children's Centre	£ 273,718.00	£ 273,718.00	£ 273,718.00	£ 273,718.00	£ 114,049.17	£ 208,426.22	£ 64,552.92	£ 1,481,900.31	£ 80,691.15	£ 1,562,591.46	
Purley Oaks Children's Centre	£ 110,111.00	£ 110,111.00	£ 110,111.00	£ 110,111.00	£ 45,879.58	£ 101,662.66	£ 31,486.55	£ 619,472.78	£ 39,358.18	£ 658,830.97	
Woodlands Children's Centre	£ 118,046.00	£ 118,046.00	£ 118,046.00	£ 118,046.00	£ 49,185.83	£ 108,988.84	£ 33,755.58	£ 664,114.25	£ 42,194.48	£ 706,308.73	
SOUTH TOTAL	£ 611,762.00	£ 611,762.00	£ 611,762.00	£ 611,762.00	£ 254,900.83	£ 520,533.56	£161,217.54	£ 3,383,699.93	£ 201,521.93	£ 3,585,221.85	

¹ Budget reductions applied in September 2020/21 - 3% reduction for Byron, Purley Oaks and Woodlands, 20% reduction for New Addington

² DSG reduction of £250,000 applied proportionately in each contract term

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- 3.14 The 4 Contracts and Agreements for the South Locality are with the following providers:
- Oasis Academy Bryon (Oasis Trust): Byron Children's Centre
 - Fairchildes Academy: Fairchildes Children's Centre
 - Purley Oaks Primary School: Purley Oaks Children's Centre
 - Gilbert Scott Primary School: Woodlands Children's Centre

Service update

- 3.15 The South Locality has mixed demographic with mixed economy of residential housing and levels of deprivation:
- The two wards of New Addington North and New Addington South, almost in their entirety, fall into the 5%-10% most deprived and 10%-20% most deprived areas in the country
 - 5%-10% most deprived area in Selsdon & Addington Village ward
 - 10%-20% most deprived area in Coulsdon Town and Old Coulsdon wards
- 3.16 Central to the proposals in this paper to ensure equity of access to services for all Croydon residents and consistency of provision across localities.
- 3.17 Exit Management planning and mobilisation of services in the North and Central Localities have commenced and the new service is due to go live on 5th January 2022.
- 3.18 The service is working together with the new provider and will act as a conduit between the incumbent providers in the south of the borough to ensure services are consistent.
- 3.19 As the pandemic continues to impact and new restrictions emerge, service delivery will continue to prioritise access to provision for very young babies and those with emerging additional needs, along with targeted outreach to vulnerable families who may feel less confident accessing services.
- 3.20 Improvements in effective partnership working are being accelerated to ensure join up and seamless services for children and families.
- 3.21 Work to develop the Partnership Early Years Strategy is progressing at pace and will align to the *Best Start for Life* agenda for local authorities to:
- Ensure families have access to the services they need
 - Seamless support for families
 - A welcoming hub for families
 - The information families need when they need it
 - Ensure the Start for Life system is working together to give families the support they need
 - An empowered Start for Life workforce
 - Continually improving the Start for Life offer

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- Leadership for change

3.22 An Equalities analysis has been reviewed and will continue to inform where there are significant changes to services and new proposals.

4. CONSULTATION

4.1 The redesign of Best Start Children's Centres has been informed by a statutory consultation which took place during May 2021. Outcomes from the consultation will continue to inform where service infrastructure and partnership working needs to improve so families are aware of where they can access help and support when needed.

4.2 The Director of Education has engaged with the incumbent providers explaining the rationale for seeking permission to vary current contracts and extend for a period of 5 months (1st January 2022 to 31st May 2022), with the option to extend for a further 3 months should the procurement process take longer.

4.3 Timescales for next steps:

16 th December 2021	CCB approval of the recommendations to the Leader of the Council to approve the variation to extend contracts to the South Locality Children's Centres for a period of 5 months (1 st January 2022 to 31 st May 2022), with the option to extend for a further 3 months should this be necessary, to mitigate a gap in service whilst approval is sought for re-procurement.
20 th December 2021	Leader's approval of contract extensions
13 th January 2022	The service will be seeking approval of a new procurement strategy for South Locality Children's Centre Hub and Spokes
21 st February 2022	Cabinet endorsement of approved procurement strategy
1 st to 20 th March 2022	Launch tender opportunity

5 PRE-DECISION SCRUTINY

5.1 The process for awarding these Contracts is to be taken under Special Urgency.

Approved by the Chair of Scrutiny and Overview Committee.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 Best Start services are funded from the General Fund and the proposed Agreements and Contracts extensions for the South Locality, are expected to cost the Council an aggregate value of £3,585,000.

The following table presents the revenue consequences on the available budget to fund these proposals. There is no Capital spend associated with this paper.

Revenue consequences of report recommendations

	Current year	Medium Term Financial Strategy (MTFS) - 3 year forecast	
	2021/22 £'000	2022/23 £'000	2023/24 £'000
Revenue Budget available			
Expenditure	1,447	1,447	1,447
Income	0	0	0
Effect of decision from report			
Expenditure	(1,806)	1457	1,432
Income	0	0	0
Remaining budget	(359)	(10)	15

6.2 The effect of the decision

There is insufficient budget in FY 2021/22 to support these proposed contract extensions and therefore risks the delivery of the agreed MTFS savings.

The services is looking at a possible efficiencies which may be available to mitigate the risk to the budget, however the risk to future MTFS savings targets for FY 2022/23 and subsequent years remains.

6.3 Risks

The following risks have been identified and are being actively managed within the service:

Risk	Impact	Mitigation
Risk to MTFS if contracts are extended on the current contract price.	Contracts will come to an end before there is time for internal approvals and governance to award new contracts	High This report recommended the decision to extend the contracts are taken under Urgency, mitigating the risks listed in the report, including the risk of

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<p>Further risk to MTFS if we get challenge from North and Central to increase funding to same level as South</p>	<p>Funding would remain at current level for a further up to 5 months instead of moving to the new budget level</p>	<p>having to TUPE staff into the Council pending re-procurement of these services.</p>
<p>Risk of reputational damage as a result of inequity in the budget for delivery in the North and Central Locality areas.</p> <p>Legal challenge from the incumbent providers in North and Central Localities as a result of the recommendations in this paper.</p>	<p>Possible impact on positive relationship issue with successful Tender in the North and Central impacting on delivery.</p> <p>A legal challenge complaint could delay the approval of the new procurement and risk awarding new contracts with the minimum delay.</p>	<p>High</p> <p>Early discussions with successful Tender in North and Central to explain decision making.</p> <p>No bids for the South locality Children’s Centre Hub and Spokes were received, the Council have no choice but to recommend the proposals in this report in order to protect these statutory services.</p>
<p>Risk to MTFS for FY2022/23 if the new procurement is unsuccessful.</p>	<p>The tender for these services closed in October 2021 with no bidders due to the potential financial exposure resulting from TUPE transfer and structure required to align the workforce to the new model.</p> <p>In previous years the Council were able to mitigate the financial impact of redundancies for Children’s Centres, however this is no longer possible and therefore this risk remains significant.</p> <p>The previous procurement received a small number of expressions of interest where there was more scope for efficiencies of scale for potential bidders to submit an</p>	<p>High</p> <p>There is some indication that providers may be willing to consider a tender submission if a new procurement strategy is approved.</p> <p>Financial or employment liabilities will need to be considered as a result of the extension. The contract extension will impact on the services ability to achieve its MTFS savings in FY21/22.</p>

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	<p>application for the whole lot to deliver services across the borough.</p> <p>Consequently, the size of the new procurement with no change to the funding envelope may not be of interest to the market.</p>	
<p>Risk to meeting procurement timelines and encountering delays due to pre-election restrictions likely to commence on 30th March until 6th May 2022.</p>	<p>The Council would incur further costs to deliver services in the south of the borough, increasing the risk to MTFs savings for FY2022/23.</p>	<p>Medium</p> <p>All available provisions for decision making in accordance with the Council's Constitution is being pursued to mitigate this risk.</p>
<p>Risk of no contracts for services from 1st January 2022.</p>	<p>The Council will be exposed to significant risk of challenge due to lack of provision for families, particularly those most in need, increasing potential safeguarding risks, complaints and political fallout.</p> <p>Staff employment rights would be unprotected leaving the Council exposed to legal challenge.</p>	<p>Low</p> <p>The Leader will be asked to approve the variation to extend current contracts to allow time for a new procurement.</p>
<p>Risk that the new service model does not deliver.</p>	<p>The Council could incur increased costs to deliver the service and a corresponding risk to the MTFs savings programme.</p> <p>Contracts awarded would not deliver value for money and result in poor outcomes and increased inequalities for very young children</p>	<p>Low</p> <p>KPIs for these services are included in the Croydon Renewal Plan measures and reporting.</p> <p>Robust contract management is in place. Additional rigor will be provided through scheduled financial contract monitoring</p>

	and their families.	meetings to ensure value for money. Service plans and additional performance measures and outcomes for children will be reviewed annually.
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6.4 Options

The proposals in this paper are being recommended due to Contracts coming to an end on 31st December 2021. This option, if accepted will allow time to meet internal governance and Council approval of a new procurement strategy and re-tender for the South Locality Children’s Centre Hub and Spokes in February 2022.

The alternative option to let contracts come to a natural end has been rejected as this would lead to a gap in service, leaving families with young children with no provision and staff unprotected.

6.5 Future savings/efficiencies

Despite operating in a financially challenging climate, service improvement, efficiency and the delivery of good outcomes for children and their families remain at the heart of Croydon Best Start.

Robust contract monitoring will continue, identifying further efficiencies where possible. If additional savings are required from this budget, this would have such an impact on contract spend and allocation to providers, that this would likely render this the service undeliverable. If that was to happen, an alternative delivery model would need to be developed.

Approved by Phil Herd, Interim Head of Finance, Children, Families and Education on behalf of Richard Ennis, Interim Corporate Director of Resources and s151 Officer

7. LEGAL CONSIDERATIONS

7.1 The Interim Head of Commercial & Property Law comments on behalf of the Interim Director of Legal Services that the Leader is being recommended to make this decision due to the circumstances explained in this report. It should be noted that this is a key decision requested to be taken under Rule 32 (Special Urgency) for the reasons set out in this report.

7.2 The Council is under a general Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007)).

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Approved by Kiri Bailey on behalf of Doutimi Aseh, Interim Director of Legal Services.

8. HUMAN RESOURCES IMPACT

- 8.1 This report recommends an extension to a number of existing contracts. Therefore, the service provisions would remain as they are, and there are no human resources or TUPE implications arising from this report.
- 8.2 However, the re-procurement exercise is likely to involve service provision changes which may invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation (amended 2014). The service will be working with the current contractors and their HR providers to ensure the appropriate policies and procedures are followed.

Approved by: Deborah Calliste, Head of HR for Children, Families and Education on behalf of the Director of Human Resources

9. EQUALITIES IMPACT

- 9.1 A full Equality Analysis will be updated to reflect the new service delivery plans to ensure outcomes are improved for all groups with protected characteristics. A review of the Best Start registration form will improve the data currently being collected for those with protected characteristics within GDPR guidelines, to improve the future analysis of equalities for children and families using the service.
- 9.2 These proposals will meet the Council's obligations in ensuring equity of access to provision, particularly for those with protected characteristics. By awarding these Contracts the Council will ensure families with children under five can access the services and support they need, reduce inequalities and improve their life chances.
- 9.3 Equalities is a standing item and part of the contract management process. Regular monitoring allows for the early identification of any potential adverse impact on groups that share protected characteristics, enabling opportunities to intervene and avoid any unlawful action and improve outcomes.
- 9.4. Contractors will be encouraged to sign up to the Council's Race Matters and Equalities Pledges and to employ local labour thus meeting one of the Council's priorities of tackling inequalities and reducing poverty.

Approved by D. McCausland – Equality Programme Manager

10. ENVIRONMENTAL IMPACT

10.1 It is considered that there are no increased or decreased negative environmental sustainability impacts, from the proposals contained in this report.

11. CRIME AND DISORDER REDUCTION IMPACT

11.1 Supporting families through these services contributes to building resilience and community connections, with the intention to avoid people becoming involved in crime and disorder. Best Start services and partners work together to support children and families exposed to sexual violence and domestic abuse.

11.2 It is considered that there are no increased impacts on children and families in these proposals. Approving the recommendations in this report will ensure families are able to access the services when they need them the most.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

12.1 To approve the request to vary the terms of the Best Start Child Development and School Readiness services delivered through the South Locality Children's Centres, and extend for a period of 5 months (1st January 2022 to 31st May 2022), with the option to extend for a further 3 months.

13. OPTIONS CONSIDERED AND REJECTED

- a) **Do nothing and let contracts come to a natural end – Rejected**
This would expose the Council to significant risk by having a gap in provision leaving families with young children and the most vulnerable with no access to services or support, and staff rights unprotected.
- b) **Agree to approve the Award of Contracts – Recommended**
This option will ensure the continuation of service provision and reduce the significant risks both economic, political and potential employment litigation, to the Council.

14. DATA PROTECTION IMPLICATIONS

14.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

YES

The name, age, address and other personal data is used by providers to deliver the service on a day to day basis. Personal information will be shared with partners, as appropriate, as part of a referral to safeguard a child or vulnerable

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adult. All other referrals for additional support will require prior consent of the parent/carer.

14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

Yes

The DPIA is currently being updated to reflect the procured providers' data protection security measures.

CONTACT OFFICER: Sharon Hemley, Lead Commissioner, Early Years and Early Help
Sharon.hemley@croydon.gov.uk

BACKGROUND DOCUMENTS: None

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REPORT TO:	CABINET 24 January 2022
SUBJECT:	New Burial Land – Greenlawn Memorial Park Extension
LEAD OFFICER:	Elaine Jackson Interim Assistant Chief Executive Kevin Pilkington Head of Bereavement Services and Registrars, Digital and Resident Access
CABINET MEMBER:	Cllr Oliver Lewis, Cabinet Member for Culture and Regeneration
WARDS:	All
COUNCIL PRIORITIES We will live within our means, balance the books and provide value for money for our residents. We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand	
FINANCIAL IMPACT The contract award will commit the Council to contract costs (set out in Part B) for the contract term. Greenlawn Memorial Park Extension is being funded by the approved Capital Fund. Expenditure is required for landscaping and the relevant grounds works in order to respond to fluctuation in demand across the borough and to provide greater capacity for the Council and residents. The increased capacity of burial plots will generate an income of £16.4m the Council based on the current burial and internment fees.	
FORWARD PLAN KEY DECISION REFERENCE NO.: 6721CR 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 has delegated to the Cabinet Member for Culture and Regeneration, in consultation with the Cabinet Member for Resources and Financial Governance the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

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- 1.1 The Cabinet Member for Culture and Regeneration, in consultation with the Cabinet Member for Resources and Financial Governance is recommended by the Contracts and Commissioning Board to approve the award in accordance with Regulation 28.4(c) of the Council's Contracts and Tenders Regulations for the contract for the provision of Greenlawn Memorial Park Extension for a contract term of 21 months to the Provider and for the contract value state in Part B of the report.
- 1.2 Note the contractor name and contract value will be published following contract award.

2. EXECUTIVE SUMMARY

- 2.1 Currently burial land within Croydon is extremely limited with the stock of new burial plots being exhausted by early 2022.
- 2.2 The report recommends the award of a contract to the preferred bidder (Bidder A) following a mini competition tender in compliance with the Council Tenders and Contracts Regulations and Public Contract Regulations.
- 2.3 The preferred bidder meets all mandatory requirements.
- 2.4 A strategy was approved by CCB reference no: CCB1683/21-22 on 12/08/2021.
- 2.5 The contract expenditure meets essential spend criteria and has been approved by the Assistant Chief Executive.

3. DETAIL

- 3.1 The Council is able to reclaim graves at 2 of its 3 cemeteries under strict guidelines but is limited because the option for using a reclaimed grave does not meet with all residents' approval when it comes to the final resting place for their loved ones. For this reason, the development of any new burial land when it becomes available offers a critical service to the residents of the borough and also offers significant additional income to the Council.
- 3.2 A Mini Competition was conducted on the Council's e-tendering portal among the pre-approved providers registered on Construction Line under 'Cemeteries and Crematoria' work category.. The requirements included Exclusion Grounds such as suitability thresholds, economic and financial standing, technical and professional ability, Modern Slavery Act, compliance, business continuity, London Living wage, Insurance and requiring either bonds or guarantees. The recommended bidder was compliant.
- 3.3 A 40% quality with a 60% price ratio was used for evaluation.

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A combination of pass/fail requirements was used along with method statements to evidence how requirements can be met. Quality criteria evaluated comprised:

Delivery of services
Staff resourcing of project
Experience and capability of delivery
Risk management and Programme delivery
Value engineering approach
Continuity of supply Social Value
PSP

- 3.4 The council standard evaluation and scoring methodology was used. Scoring against method statements and functional / non-functional requirements was on the following basis: A weighting is applied to each Method Statement/requirement. Each Method Statement/requirement which is not pass/fail was scored by the evaluation panel and awarded marks in a range of 0 to 5. A score of 3 or more is fully compliant. Total weighted quality scores for each bidder are assigned a percentage against the 40% available for Quality.

Score	Rating	Criteria for awarding score
5	Excellent	Exceeds the requirement. Exceptional demonstration by the tenderer of their relevant ability, understanding, skills, resource and quality measures provided in the method statement. Response identifies factors that demonstrate added value, with evidence to support the response.
4	Good	Satisfies the requirement with minor additional benefits. Above average demonstration by the tenderer of the relevant ability, understanding, skills, resource and quality measures provided in the method statement. Response identifies factors that demonstrate added value, with evidence to support the response.
3	Acceptable	Satisfies the requirement. Demonstration by the tenderer of the relevant ability, understanding, skills, resource and quality measures provided in the method statement, with evidence to support the response.
2	Minor Reservations	Satisfies the requirement with minor reservations. Some minor reservations of the tenderer's relevant ability, understanding, skills, resource and quality measures provided in the method statement, with limited evidence to support the response.
1	Serious Reservations	Satisfies the requirement with serious reservations. Serious reservations of the tenderer's relevant ability, understanding, skills, resource and quality

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		measures provided in the method statement, with little or no evidence to support the response.
0	Unacceptable	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the tenderer has the ability, understanding, skills, resource and quality measure, with little or no evidence to support the response.

3.5 An evaluation panel comprised of officers listed below with procurement officers evaluating tenders.

- Service Delivery Officer, Head of Bereavement Services and Registrars, Digital and Resident Access
- Category Officer for Environment and Public Realm
- CDS Technical Advisor
- Gateway Technical Officer

3.6 Pricing was evaluated as follows:

The Tenderer which submitted the lowest Total Contract Value Tender price received the maximum price score of 60(%). Scores for other Tenderers were calculated on the following basis:

The lowest submitted total price

 X 60%
 Bidders' submitted total price.

3.7 Total Quality scores and price scores are then combined for a total score
 Number of Bids

Two (2) bids were received and evaluated.
 Four (4) suppliers did not respond after expressing an interest.

3.8 Result of the Tender Evaluation

Evaluation scores are detailed in part B report. The preferred biddersubmitted a compliant bid and achieved the highest quality score.

3.9 Terms of the award

The contract term is for 21month term (9 months for delivery and 12month liability and defects period)

The contract terms and conditions are based on the JCT Minor Works Contract.

3.10 Social Value:

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The recommended Bidder A offered several measurable benefits which are set out in detail in Part B.

The offer covered several of the social value indicators, Local employment, creating accessible pathways to employment, supporting local communities and initiatives, supporting local business growth, supporting a cleaner and greener borough

3.11 London Living Wage

Compliance with London/National Living wage formed part of tender requirements and is also contained within the contract terms and conditions. The recommended supplier is compliant with the National Living Wage.

3.12 Premier Supplier Programme (PSP)

Bidders were invited to enter into the programme which formed 2% of the quality scoring. The recommended bidder did not commit to joining the PSP scheme.

3.13 Contract Management

The Head of Bereavement Services and Registrars will act as contract manager for the duration of the works and services to ensure the delivery of agreed timelines are delivered. Budget and costs are to be managed by the Head of Bereavement Service and Registrars and to ensure costs are managed in accordance with the agreed contract and allocated budget. This will enable any issues identified during the contract delivery are addressed at the earliest opportunity. This will also apply to the Service contract with CDS Ltd who is providing the design and will responsible for the day to day management of the construction site, utilising their specialist expertise in this area. They will be required to deliver the project in accordance with the agreed project timescales as reflected within the construction agreement.

4. CONSULTATION

4.1 Consultation was initially undertaken with stakeholders from Finance, Legal, Equalities, Procurement, HR, Head of Bereavement Service and CDS (Cemetery Development Services).

Additionally, it was ensured that the Head of Bereavement and CDS stakeholders were actively included in both the drafting of the specification and as experts in the evaluation of the bidder responses.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Essential Spend Criteria

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The expenditure required for this project therefore meets the following Essential Spend criteria;

- expenditure necessary to achieve value for money and / or mitigate additional in year costs

5.2 Financial and risk considerations are set out in Part B. These will include:

- associated risks and mitigating action;
- future savings and/or efficiencies.
- Revenue and Capital consequences of report recommendations

5.3 The effect of the decision

The council will commit to contract costs for the 21 month term. Budgetary provision exists for this from existing budgets.

5.4 Risks

Risk description	Risk Score	Countermeasures/mitigating actions
Construction could impact on the ability of residents to access existing graves due to construction traffic	8	This will be monitored by the Council as part of the contract monitoring measures
Covid 19 prevents construction work	12	Suppliers explained how they plan to mitigate against this eventuality in their tender
Further archaeology work introducing additional costs and delays	10	No mitigation is possible here, if the archaeology uncovers any area of interest the Council will be beholden to the decisions of the planners and the archaeologists
Archaeology finds areas of land which requires preservation rendering some areas of land unusable as burial land	5	No mitigation is possible here, if the archaeology uncovers any area of interest the Council will be beholden to the decisions of the planners and the archaeologists. It is hoped that as the Council has been undertaken burials on the adjacent land it is unlikely finds of this level of significance will be found. Watching brief where required will enable works to progress whilst architect or UXO specialist is on site

Financial Risk – Project cost exceeds budget	10	Once the tender has been awarded there will be an opportunity to identify areas for value engineering which have the potential to reduce the overall cost.
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5.5 Options

If the council were to do nothing, or not accept the tenders submitted there would be not be sufficient burial grounds for residents and the council would not receive an income from this service, alternate bids were not allowed.

5.6 Future savings/efficiencies

Future savings/efficiencies being made are listed in part B report.

Approved by: Matthew Davis Finance Manager on behalf of Head of Finance

6 LEGAL CONSIDERATIONS

6.1 The Cabinet is empowered to make the decision in accordance with the recommendations pursuant to the Tenders and Contracts Regulations, which form part of the Council’s Constitution.

6.2 The Council is under a general Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007)

Approved by: Sonia Likhari, Corporate Solicitor, on behalf of the Interim Director of Legal Services & Interim Deputy Monitoring Officer

7 HUMAN RESOURCES IMPACT

7.1 There are no immediate HR impacts arising from this report for Croydon Council staff or employees.

Approved by: Gillian Bevan, Head of HR Resources and Assistant Chief Executives

8 EQUALITIES IMPACT

- 8.1 An initial Equality Analysis has been undertaken and a full Equality Analysis is not required as the new contract will not have any impact on protected groups.

Approved Denise McCausland – Equality Programme Manager

9 ENVIRONMENTAL IMPACT

- 9.1 There are no crime and disorder reduction impacts arising from this report.

10 CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder reduction impacts arising from this report.

11 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The report recommends the award of a contract to the preferred bidder (Bidder A) following a mini competition tender in compliance with the Council Tenders and Contracts Regulations and Public Contract Regulations.

- 11.2 Provider A, demonstrated extensive experience of projects of a similar nature, no use of subcontractors and all aspects of the project being delivered in-house by specialist staff.

12 OPTIONS CONSIDERED AND REJECTED

- 12.1 In respect of the options for the outcome of the tender no other options were presented for consideration. The tender followed the procurement route recommended in the approved strategy report.

13 DATA PROTECTION IMPLICATIONS

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

NO

The subject of this report does not involve the processing of personal data and there is no requirement for a data impact assessment to be completed. There will be no GDPR implications of this work as no personal data will be shared with other Providers/Contractors.

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

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NO

Approved by: Neil Williams, Chief Digital Officer

CONTACT OFFICER: Kevin Pilkington: Head of Bereavement Services

BACKGROUND PAPERS: None

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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For General Release

DELEGATED DECISION REPORT TO :	Cllr Callton Young, Cabinet Member for Resources and Financial Governance
SUBJECT:	Property Disposals as part of the Interim Asset Disposal Strategy
LEAD OFFICER:	Richard Ennis, Interim Corporate Director Resources and S151 Officer
CABINET MEMBER:	Cllr Stuart King Deputy Leader and Cabinet Member for Croydon Renewal Cllr Callton Young Cabinet Member for Resources and Financial Governance
WARDS:	Various
<p>COUNCIL PRIORITIES</p> <p>Croydon Renewal Plan – the recommendations in this report are in line with the new corporate priorities and new way for renewing Croydon</p> <p>Medium Term Financial Strategy</p>	
<p>FINANCIAL IMPACT</p> <p>This paper is seeking approval for the disposal of three Council assets (one held within the HRA) in line with the Interim Asset Disposal Strategy. The proposal will deliver significant further capital receipts. The disposals are part of the wider disposal strategy and will significantly contribute towards the assets disposal target in the MTFs.</p> <p>All disposal costs, including a contribution towards officer time will be paid for out of capital receipts in line with the current financial guidelines which allow up to 4% of the capital receipt to be allocated against reasonable revenue costs in achieving the sales.</p>	
<p>FORWARD PLAN KEY DECISION REFERENCE NO.: Peter Sylvester House (3421RFG), Kempfield House (3121RFG), 2 Godstone Road (2921RFG)</p> <p>The notice of the decision will specify that 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.</p>	
<p>The Leader of the Council has delegated to the Cabinet Member for Resources and Financial Governance the power to make the decisions set out in the recommendations below</p> <p>1. RECOMMENDATIONS</p> <p>Cabinet Member for Resources and Financial Governance in consultation with the Leader agrees the following:</p> <p>1.1 Approve the sale of the freehold interest in Peter Sylvester House,</p>	

- 1.2 Approve the freehold disposal of Kempfield, Reedham Park Avenue, Kenley CR8 4BQ
- 1.3 Approve the freehold disposal of 2 Godstone Road, Kenley CR8 5JE
- 1.4 Approval to a downward price variation of up to a maximum of 10% for each disposal without having to refer the matter back to Cabinet to allow for some minor value changes during the disposal process as further due diligence is undertaken. Any variation in price would be subject to approval of the Interim Corporate Director Resources and s151 Officer

On the basis of the terms set out in Part A and Part B of this report

2. EXECUTIVE SUMMARY

- 2.1 This Interim Disposal Strategy has been developed to support the requirements of the Croydon Renewal Plan and Medium Term Financial Strategy [MTFS] and sets out the guidance and governance necessary to allow the disposal of surplus Council assets. The strategy was approved and adopted by Cabinet in February 2021.
- 2.2 The properties included within this report have been identified as surplus within the context of the disposal strategy and were included in the initial 2021/22 tranche within the Strategy.
- 2.3 The above proposals have followed the governance process as set out within the strategy and has been approved by Place DLT and CMT.
- 2.4 The approved business cases are attached as a background paper in the Part B report

3. BACKGROUND

- 3.1 Given the significant financial challenges faced by the Council, it is important to ensure that the best outcome is achieved from any disposal and this includes
 - Holding cost of any surplus assets if to be retained for longer term use or sale
 - Running costs for under-utilised assets and how these can be reduced
 - Service requirements across the Council to ensure an asset is not being sold off if it could provide a cost effective solution for another service area
 - Achieving “Best Consideration” – would delaying a disposal be more beneficial
 - Loss of revenue from any income producing assets
 - Impact on the local area from holding assets empty for prolonged periods or the additional benefit from regeneration
 - Reputational issues from having vacant assets
- 3.2 The disposals included within this report fall within the following categories:

- Surplus assets released by service area
 - Vacant Properties both General Fund and HRA
- 3.3 It has been recommended that a variance of up to 10% on the initial agreed purchase price is permitted before any disposal needs to be referred back to cabinet. For many of the smaller disposals, the parties making the offers may not carry out as much due diligence around the legal title or site limitations as for larger sites where bidders have access to better professional advice. It may therefore be the case that matters become apparent during the legal process that could impact on the value of the site. On the basis that such conditions are likely to impact the general value of the site it is considered realistic to look at the financial impact and agree a lower figure as may be necessary. Such a reduction will only be considered where it impacts the general value of the asset rather than for the specific user unless even with any agreed reduction the preferred bidder still clearly offers the best option in terms of securing best consideration for the asset disposal and would therefore not be in breach of the requirements of s123 of the Local Government Act 1972

4. DETAIL

- 4.1 SHW were selected to market all the smaller disposal sites following a tender exercise run through the Buying Team. An initial marketing report was received for each site with a recommendation as to the best marketing option and approach. All assets are initially being considered for sale on an unconditional basis.
- 4.2 Where assets have less straightforward use or development options, further advice has been obtained from the planners to provide some guidance to prospective purchasers as to what may be possible to try and maximise value. If offers received suggest a much higher for assets subject to planning then further consideration will be given to a delayed completion in return for a significant financial gain. For the properties being considered within this report, this is not considered to be the case and therefore unconditional offers are being recommended.
- 4.3 All properties have been independently valued and fully marketed to be able to demonstrate that best consideration has been achieved through this process. The individual business cases are appended to the Part B report together with the independent valuations. Part of the marketing process has involved direct mailing of details to the main umbrella VCS groups including the CVA, Asian Women's Group, BME Forum and CNCA but no offers have been received through any of these groups.
- 4.4 As part of the decision to market the assets now, consideration has been given as to whether this is the correct time to sell them in order to obtain best value. Whilst it is clear that the sale of assets is required to help meet the demands of the Council's current financial requirements to support the MTFs and under the capitalisation directive, it must be demonstrated that this will not impact on obtaining best consideration for them.

- 4.5 Detailed consideration has therefore been given to the current market conditions for both residential development and disposals within the Community use sector. In respect of residential sites, the demand for good development opportunities remains high as house prices and rental levels within the private sector have continued to grow. Over the next five years the average house prices are expected to increase by 21.6% although the increases are predicted to tail off over years 3-5, especially within the south east, with the highest increases being predicted for this year.
- 4.6 The market is also witnessing large increases in building material and labour costs as a result of shortage of supply due to the impact of the Pandemic and Brexit and an increase in demand. Material prices rose by 5.6% in the year to Q1 2021 and are forecast to increase by 7.2% in the year to Q2 2021, according to BCIS Materials Cost Index. Despite the current strength of the residential market, cost inflation will continue to impact the sector, especially as increasing costs to meet building regulations under the Future Homes Standard come into effect from 2022 and pressures on better design are introduced under the National Model Design Code.
- 4.7 Given the combined impact of the increase in residential values being offset by the considerable increase in build costs and tender prices it is considered unlikely that any significant change in overall market values for residential developments will occur over the next few years.
- 4.8 The marketing of the community assets has demonstrated that there is a very keen interest in such opportunities within the community, and in particular the faith sector for larger venues as these are generally in short supply. This sector of the market is likely to be less influenced by wider market activity as it is more demand driven.
- 4.9 Based on the above it is considered that a disposal at this time will not unduly undervalue the assets and will have the additional benefit of delivering new uses to help improve and support local communities and deliver savings in the Council's holding costs for the assets.

5. ASSET DISPOSALS

5.1 Peter Sylvester House

- 5.1.1 The property has been used for a variety of purposes by Adult Social Care but more recently was utilized by the Active Lives team to provide support to adults with disabilities. The most recent use was as a decant solution whilst the works to the new Cherry Hub were undertaken. Following the successful re-opening of that facility the need for this site has declined and the service vacated the premises in March 2021 and service users now utilise the facilities at Cherry Hub and Addington Heights. The building has therefore been declared surplus and released for sale. Given the existing community use of the site and the location, planning advice has been obtained from the spatial planning team so that this could be included within the marketing pack to try and maximize values.

- 5.1.2 The property is located on the south side of Bramley Hill in a mixed residential area and comprises of a two storey 1970's flat roofed building offering a mixture of office accommodation and more open planned areas previously used for day care purposes. It has parking which is accessed through HRA land to the rear and part of the sale will include the grant of a formal right of way across the HRA land which has been agreed with the Housing Team. Consideration has been given as to whether this asset should be retained to facilitate wider estate regeneration at some future point, but it is not considered to be key to any such future plans and therefore could be released.
- 5.1.3 The planning advice received has identified the suitability of the site for residential development and ideally with some re-provision of community space given the current use. However the existing classification as Class E would allow a permitted change to residential under permitted development. If this was integrated within the wider redevelopment of the Council retained site it would be possible to secure a greater number of residential units but this would also require affordable units to be provided which would limit any increase in value especially if a level of 50% affordable is required. Any value differential would be far less than might otherwise be expected and would lead to a considerable delay. Discussions have taken place with the NHS regarding their requirements for a diagnostic centre within the centre of Croydon but this is not considered to be suitable.
- 5.1.4 The property has been fully marketed by SHW who have been instructed to act on behalf of the Council for all the smaller asset disposals. SHW have attended the site and produced a full set of marketing particulars and set up a data site with basic information regarding the property. The particulars were distributed initially through their mailing list of residential developers and community use occupiers on the 8 September 2021. They were subsequently resent on the 21 October and 11 November 2021 and lastly 23 November 2021 with details of the tender deadline date. In total 13 parties accessed the data room to view and download related documents with subsequent viewing dates set up at the property. Best and final offers were then invited and this resulted in 3 offers which have been detailed in the Part B section of the paper.

5.2 **Kempfield**

- 5.2.1 This property has been vacant for around 10 years following its closure as a former care home. Both the Council and Brick by Brick (BBB) have produced schemes for redevelopment to provide a mix of residential units but these have not been brought forward. Although a considerable amount of work was carried out by BBB looking at a scheme comprising of 13 flats and 6 houses and an application submitted (20/01526) planning consent has not yet been secured. The BBB scheme received a positive response through the pre-application discussions in respect of a residential scheme with some concerns regarding the proposed density. The property has historically been declared surplus and due to its dilapidated state is not suitable for alternative Council use.
- 5.2.2 The property is located within a housing estate immediately adjacent to a Baptist Church and is a good sized plot of just under half an acre. The location is not well served by public transport and the site has a low PTAL rating of 1a although there are two train stations within a 20 minute walk and

a local bus service. A lot of consultation has previously been undertaken with the voluntary and community sector around potential alternative uses and whilst there was some initial interest, especially from the adjoining Baptist church, no feasible alternatives have come forward. The BBB scheme also involved consultation with local residents in November 2019.

- 5.2.3 The property is a 1960/70's two storey building with a flat roof that is now in a very poor state of repair and detracts from the local area. It has attracted some localized anti-social behavior and the site hoarding is now at a stage that it should ideally be replaced. If the site were to be retained, the Council would therefore need to expend some money to make sure that it was properly secure
- 5.2.4 Although values can be enhanced by first obtaining planning consent, given the work carried out by BBB and all the due diligence already undertaken which forms part of the public record, it is felt that there is a very clear indication as to the potential of the site and therefore securing consent for a specific development would not add any significant value as against the costs involved. It is also possible that the scheme would differ from what the end purchaser would seek to deliver and therefore they would need to submit a new application
- 5.2.4 SHW commenced the marketing of the site through their mailing list of residential developers and F1 use occupiers, together with any direct contacts that had been made to the Council, on the 21 September 2021 and subsequently resent the particulars on the 25 October, 11 and 15 November 2021 together with notification of the tender deadline date. 8 Parties viewed and downloaded the documents within the data room, and viewing dates were set up at the property which were attended by parties. Best bids were received on the 19 November 2021 which resulted in 3 offers. The 2 highest offers have been detailed within Part B of this report.
- 5.2.5 The marketing process has involved direct mailing of the main umbrella VCS groups including the CVA, Asian Women's Group, BME Forum and CNCA but no offers have been received through any of these groups.

5.3 2 Godstone Road, Kenley

- 5.3.1 The site comprises of a triangular sloping site with a detached two storey house located to one end. The property is in poor condition and has not been used for residential purposes for many years due to structural issues. The asset is held within the HRA and a scheme has been looked at to refurbish and extend the property but due to the cost this has not be brought forward. The property is well located being on major bus routes and within 15 minutes' walk of Purley Station.
- 5.3.2 Housing have confirmed that they wish to dispose of the property and as it is vacant it falls within the permitted disposals under the General Housing Consents 2013 and therefore will not need specific Secretary o States consent.
- 5.3.3 SHW commenced the marketing of the site in and distributed particulars initially through their mailing list of residential developers and Community use

occupiers on the 21 September 2021. They were subsequently resent on the 25 October, 10 November 2021 and most recently on 18 November 2021 to advertise the tender deadline date. A number of viewing dates were set up at the property and parties attended the viewings. Best and final bids were then requested by 24 November 2021. A total of 3 offers were received which have been detailed in Part B of this report.

6. CONSULTATION

- 6.1 External consultation has taken place in respect of the Kempfield disposal through the planning process but none has taken place in respect of the other two disposals.
- 6.2 Ward councilors have been informed of the intention to dispose of these assets. Consultation has taken place with the Council's senior leadership team and Cabinet Members.

7. PRE-DECISION SCRUTINY

- 7.1 The proposed disposals have not been presented to Scrutiny but recommendations made from previous scrutiny reports in respect of disposals have been incorporated where appropriate

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

8.1 Revenue and Capital consequences of report recommendations

Savings and Capital Receipts Included within the MTFS Budgets

Capital receipts generated from asset disposals (£000)

	21/22	22/23	23/24
Capital receipts	£4,230	£19,994	£5,988

Given the significant financial challenges faced by the Council, the disposal of surplus corporate assets is vital to ensure an improvement in its financial position, secure value for money and achieve financial savings by considering the net costs/benefits of holding surplus assets versus sale or letting of the assets.

We are required to pay for the costs of the capitalisation directions out of revenue budgets over a twenty year period, which on a straight line basis would cost 5% per year. In addition interest on those borrowings from the PWLB is at a 1% premium – at current rates this costs this would add 2.9%. Overall this would equate to £790k per £10m borrowed. By generating capital receipts, borrowing to support the capitalisation direction can be avoided and thus prevent pressures on revenue budgets.

There has been no additional capital expenditure involved with these disposals

as the service relocations had already taken place. The running costs of these properties i.e. business rates, premises costs (cleaning, security, utilities etc) will further benefit the Council

The decision to dispose of an asset will consider the need to receive the benefits now, against a possible delayed sale when the financial benefit may be greater but less certain as usually this is dependent on obtaining suitable planning consent. This has been considered in respect of these disposals and it is not considered that a disposal of the assets at this time will significantly impact value

8.2 Risks

Disposal of properties in the corporate portfolio in the current economic climate gives rise to risks and uncertainties around achieving the best possible sale price. The capital receipts in the table above reflects an element of prudence and conservatism in the receipts of disposal and its timing. However, it must be emphasised that these asset values are subject detailed market valuations and market conditions prevailing at the time of sale.

The marketing exercise has generally demonstrated that there is still very good demand for this type of asset from both developers and community organisations and the values achieved have exceeded the valuations in all cases. This would suggest that the disposal of these assets at this point in time has secured best consideration.

8.3 Future savings/efficiencies

The savings highlighted in the table above reflects an estimate of sales proceeds/capital receipts arising from disposal of corporate properties and savings in borrowing costs i.e. interest and minimum revenue provision on the general fund budgets.

Approved by Matt Davis Interim Deputy s151 Officer

9. LEGAL CONSIDERATIONS

- 9.1 The Interim Head of Commercial and Property Law comments on behalf of the Interim Director of Legal Services that, as set out earlier in this report, when disposing of land the Council has a statutory duty under section 123 of the Local Government Act 1972 (or section 233 of the Town and Country Planning Act 1990 where the land has been appropriated for planning purposes) to ensure that it obtains best consideration for the land and buildings disposed of and provisions of section 87-89 of the Localism Act 2011. In certain exceptional cases a disposal for less than best consideration is permitted where the difference in the value between the proposed disposal and the best consideration that might be obtainable on the market is less than £2M or, in other cases, with a specific consent from the Secretary of State. The processes set out in this report in relation to the Interim Disposal Strategy seek to ensure that best consideration is obtained in relation to proposed disposals. If and where disposals are proposed to proceed for less than best consideration (e.g. to secure wider community benefits) it is recommended that officers seek

detailed legal advice in relation to any potential 'Subsidy Control' issues (the Subsidy Control regime replaces the State Aid regulations).

- 9.2 Land should only be disposed of by a local authority where it is considered to be surplus to the Council's requirements. The process set out in the Interim Disposal Strategy seeks to ensure that consideration is given as to potential other Council uses of land before it is recommended for disposal.
- 9.3 In relation to land held for housing purposes within the HRA (such as 2 Godstone Road, Kenley), consent is required by the Secretary of State under Section 32 of the Housing Act 1985 before disposal. The Secretary of State has issued general consents (The General Housing Consents 2013), which includes consent to dispose of land for a consideration equal to its market value (subject to other conditions in paragraph A3.1.1) and consent to dispose of vacant land within the meaning of The General Housing Consents 2013.

Approved by: Kiri Bailey, Interim Head of Commercial and Property Law on behalf of the Interim Director of Legal Services

10. HUMAN RESOURCES IMPACT

- 10.1 The proposed disposal is for a vacant property and therefore has no direct impact on staffing levels, restructuring or recruitment.

Approved by: Gillian Bevan Head of HR Resources

11. EQUALITIES IMPACT

- 11.1 Under the Equality Act 2010 the Council has an obligation to protect **people against discrimination, harassment or victimisation in employment**, and as users of private and public services based on nine protected characteristics: The proposed disposal comprises of vacant land and buildings or assets that have been vacated by services and declared surplus and therefore the disposal will not have a direct impact individual's rights. The disposal of the Peter Sylvester Centre has removed an asset previously used by a group with protected characteristics, but this decision was made prior to the disposal and the impact of the decision would have been taken at that time. The users of this property are now using the new Cherry Hub which can offer a greater range and quality of resources together with the Addington Heights facility. Both the other assets have been vacant for some considerable time.
- 11.2 An equalities impact assessment has been undertaken for these asset disposals collectively, and the action being taken to offset the impact on affected protected groups is noted.

Approved by: Denise McCausland Equality Programme Manager

12. ENVIRONMENTAL IMPACT

- 12.1 The proposed disposals do not have any direct environmental impact. Any development that may take place on the disposed sites will have to be in full compliance with current planning, building and environmental legislation.

13. CRIME AND DISORDER REDUCTION IMPACT

- 13.1 The disposal of the vacant site and redundant buildings will help to improve antisocial behavior and crime that has been evident around this site as it will become an active site.

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 14.1 The assets are all surplus to current Council requirements and if retained are therefore likely to remain empty which will lead to increased revenue pressures to ensure they are properly secured and through the payment of Business Rates as they will only be eligible for a 3 month rate free period.
- 14.2 Holding vacant assets also has a detrimental impact on the surrounding area and can become a magnet for antisocial behaviour and fly-tipping. Consideration has been given to letting rather than disposing of the assets but all are likely to require significant expenditure (especially in the case of 2 Godstone Road and Kempfield) and deliver relatively low levels of rental income and therefore this is not an attractive option.
- 14.3 The disposals will help to secure a significant capital contribution and annual revenue saving and will be helping to meet the requirements set out in the MTFS.
- 14.4 In addition to the financial benefits the disposals will help to deliver wider social benefits through delivering new housing and potentially community assets within the local areas.

15. OPTIONS CONSIDERED AND REJECTED

- 15.1 The disposal of these assets is in line with the process set out in the Interim Property Strategy and the sites have already been included within the proposed disposal lists for 2021/22. They are all surplus as no alternative Council use has been identified and therefore disposal is the best option. Failure to do so would not help the Council to address the immediate financial position and the requirements of the MTFS.
- 15.2 The only other options are to either let the properties to generate income or look to sell in the future or hold the asset and try and gain planning consent for a more beneficial use. In respect of the former it is not considered that this will not maximise their value. Regarding the option to try and gain a higher value through obtaining planning consent for an alternative use, this is considered unlikely to significantly add value in the case of Peter Sylvester and Kempfield and the planning advice obtained for 2 Godstone Road will help mitigate any

potential value difference. The level of offers that have been received have all exceeded the Red Book valuations and would already appear to reflect the development potential.

15.3 The disposal of all 4 sites is therefore recommended

16. DATA PROTECTION IMPLICATIONS

16.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

16.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

NO

Approved by: Steve Wingrave Head of Asset Management and Estates

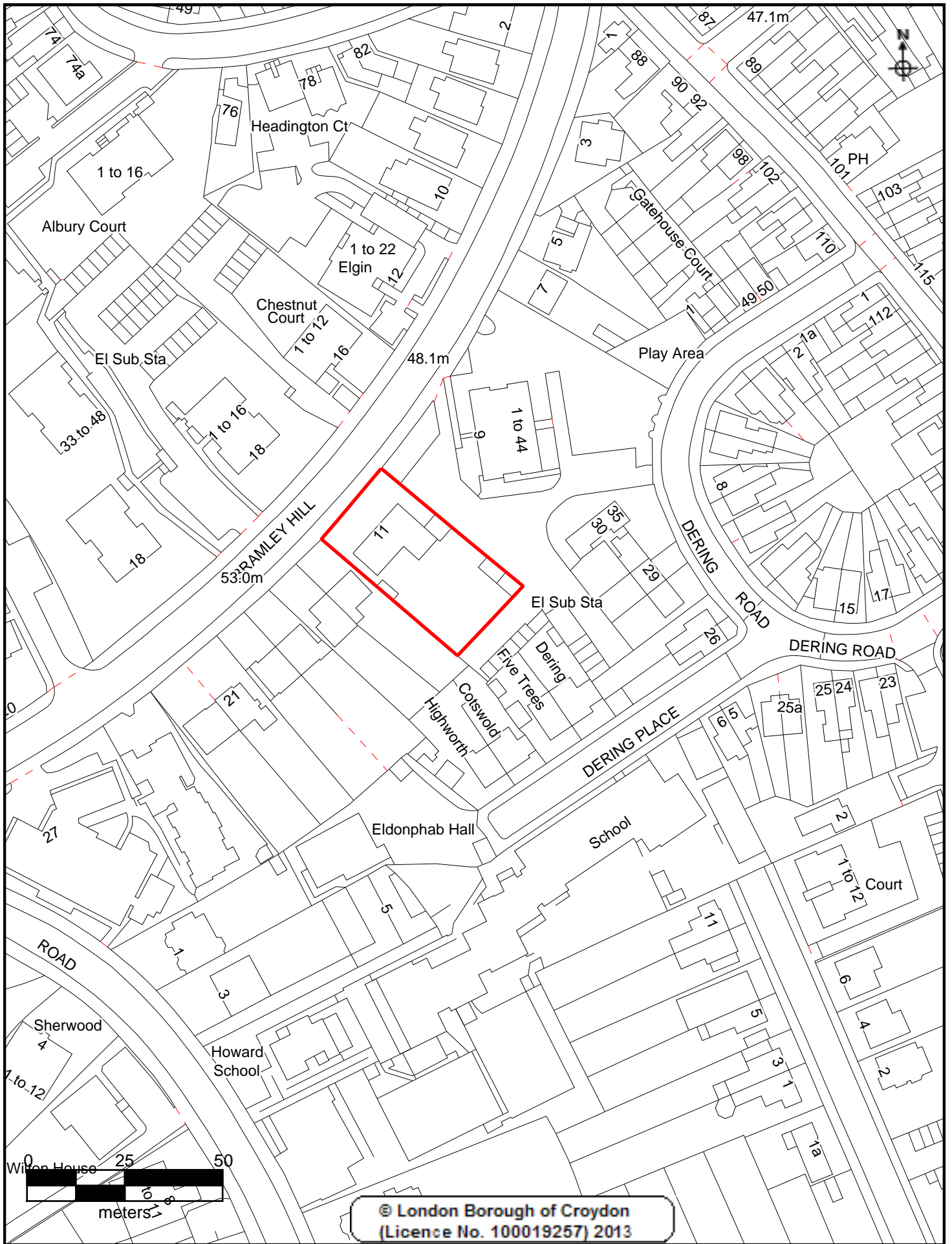
CONTACT OFFICER: Steve Wingrave
Head of Asset Management and Estates ext 61512.

APPENDICES TO THIS REPORT: Equalities assessment

BACKGROUND DOCUMENTS: Location Plans for:

- Peter Sylvester House
- Kempfield
- 2 Godstone Road
- Interim Disposal Strategy

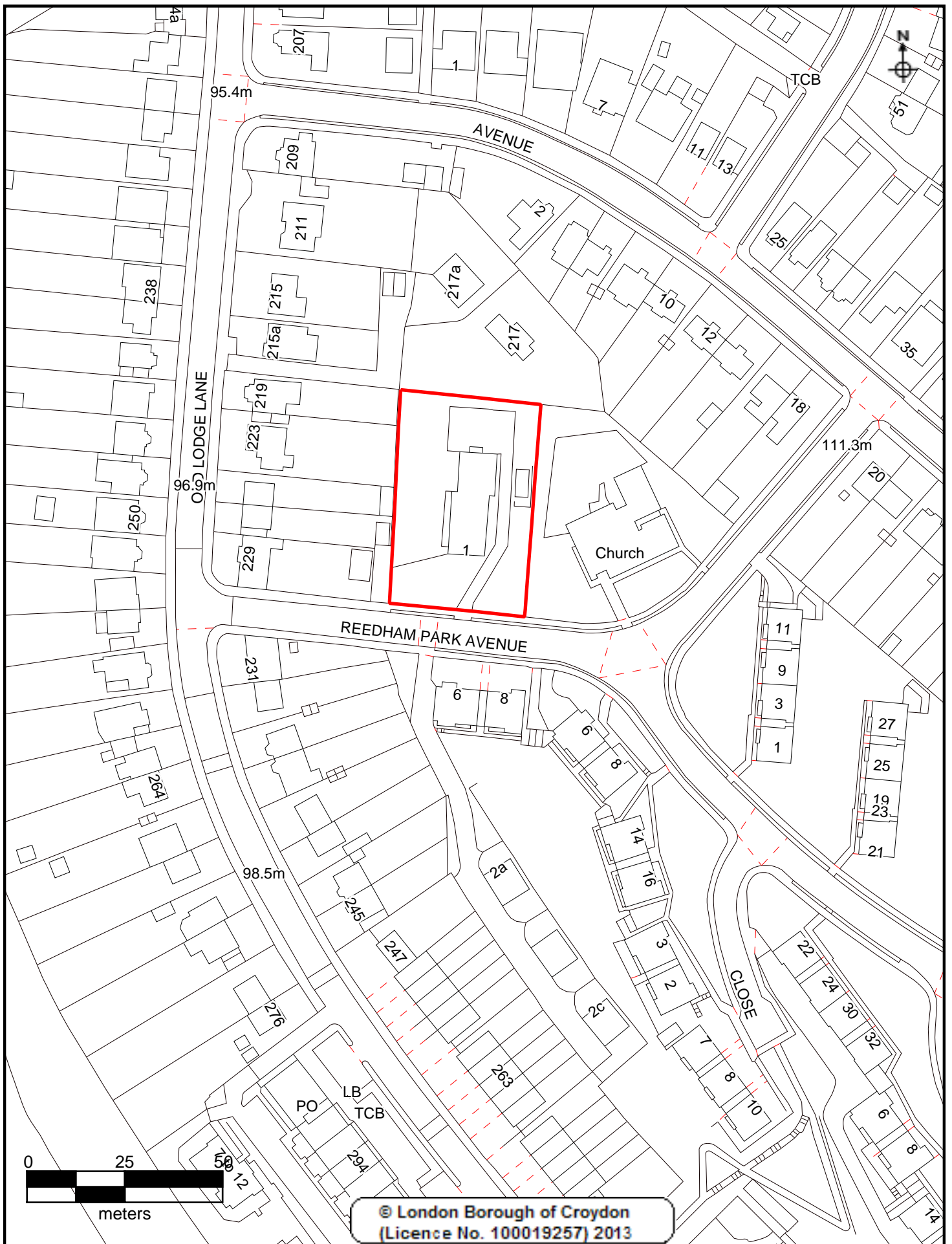
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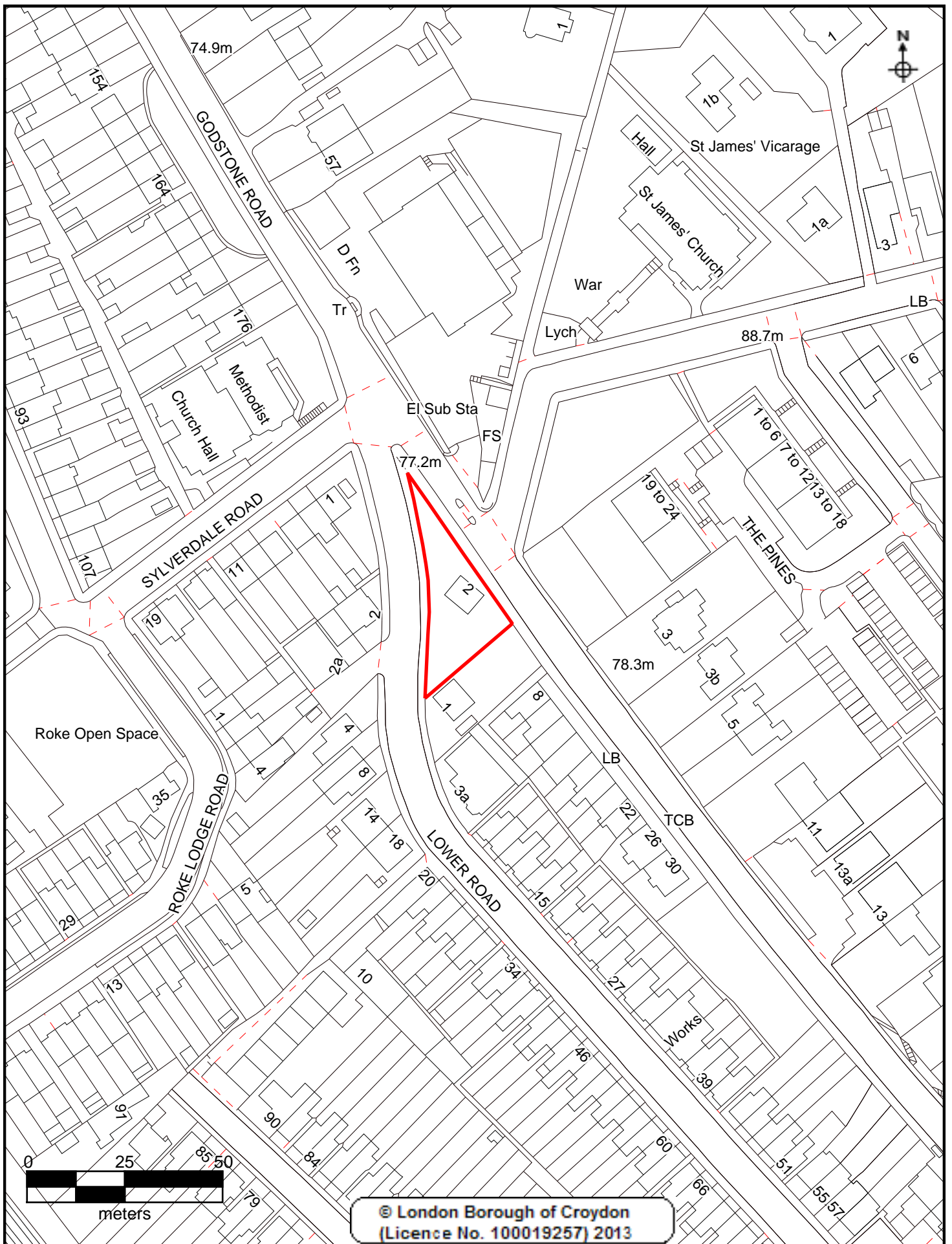
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Background Paper Part A Report

Interim Asset Disposal Strategy

1. General Overview

This Strategy provides an initial draft for the proposed Disposal Strategy which will be formally adopted by the Council to ensure that the best use of its assets. This strategy, in combination with a new **Corporate Asset Management Plan** [to be launched in 2021/22 financial year] and will complement the Capital Plan and Medium Term Financial Strategy [MTFS].

It is clear that the Council is in a need of a formal approach to the management of assets and in particular their disposal where they have been identified as either surplus or no longer key to the delivery of services. This must be done in a structured and controlled manner to ensure that any disposal of assets does not cause longer term operational difficulties or fail to achieve the best return for the Council.

This strategy will allow the Council to consider and approve selective disposals, in advance of the adoption of the Corporate Asset Management Plan.

2. Wider policy considerations

Given the significant financial challenges faced by Councils it is important to ensure that the best outcome is achieved from any disposal and this will need to consider:

- Holding cost of any surplus assets if to be retained for longer term use or sale
- Running costs for under-utilised assets and how these can be reduced
- Service requirements across the Council to ensure an asset is not being sold off if it could provide a cost effective solution for another service area
- Achieving “Best Consideration” – would delaying a disposal be more beneficial
- Loss of revenue from any income producing assets
- Impact on the local area from holding assets empty for prolonged periods or benefit from regeneration
- Reputational issues from having vacant assets

3. Governance requirements of this strategy

The Council recognises that good governance is a key component of this strategy, so it is essential that all decisions to dispose of an asset must be subject to a full **business case report** that will include a minimum set of requirements, including:

The business case report for every disposal will include

- a. A business case summary template [to follow]
- b. The financial case for a disposal

- c. Proposed timing of the disposal
- d. Method of disposal
- e. Impact[s] risks of the disposal – financial, reputational, political, operational, etc.
- f. Evidence of an independent valuation to show that **best consideration** is guaranteed
- g. A market assessment by a suitably qualified agent
- h. Disposal options
- i. Sign off [where required] by the relevant ELT director for the disposal of the asset, where there is no longer a service requirement. This is not to be confused with ELT approval, which is required at a later stage.
- j. Cost of sales and any budgetary approval required
- k. Confirmation of deliverability of sale – where required. For example, if staff, public or other consultations are required, they need to have been completed and reported within the business case
- l. Finance and legal sign off

4. Key points to note about business case reports

- Proposed sales that are not deliverable must not be submitted for approval
- ELT will reject reports that are not fully prepared and backed by the requirements set out above
- Key supporting documents must be attached to the reports seeking approval

All decisions to a disposal must be made in the following sequence:

1. Business case report to be prepared within the Place directorate and considered by Place DLT
2. Final version of Business Case report to ELT
3. ELT approval
4. Cabinet approval, where required in line with section 9 of the Financial Regulations (attached)
5. Decision of ELT/Cabinet to be implemented by the Place directorate
6. Sale progress to be reported to ELT as part of a monthly sales update by the Place directorate

The Council will **not assume that** that capital, interest and other financial savings from a potential disposal have been confirmed until the asset has been sold and the net proceeds have been realised.

5. Methods of Disposal

Disposals cannot be progressed until an ELT/Cabinet decision has been made.

Once determined that a property is surplus to the Council's requirements, all land and property assets which are released for disposal will be fully marketed with the exception of disposals to nominated and special purchasers (see below), which will be sold by private treaty negotiation.

Disposal of land and property can be undertaken in a number of ways and it is for the Council to determine the most appropriate sales mechanism for their asset, but potential approaches include:

- **Formal Tender** – where the sale is publicly advertised and tenders submitted by a given date.

- **Informal or Negotiated Tender** – where informal tenders are invited by a given date subject to contract. Negotiations may continue after tenders are received, with the possibility that different bidders may compete to offer the most advantageous terms. This approach enables the seller to continue to negotiate after the closing date for tenders to ensure the best possible terms and outcomes.

- **Public Auction** – where land is sold through an open auction, available to anyone. Sales will be publicly advertised in advance. Auctions have the advantage of being open, competitive and allow for transactions to be completed quickly.

- **Private sale** – where the sale of land is negotiated with one or a small number of potential buyers at a price agreed between the parties. Private sale has the advantage of being straightforward, but is likely to be appropriate only in certain circumstances (for example for smaller lots of land, where sitting tenants have rights to purchase and also farm tenants, etc.).

6. Disposals to Special Purchasers

The Council may dispose to purchasers to whom a particular asset has special value because of advantages arising from its ownership that would not be available to general purchasers in the open market. Such 'special purchasers' will include adjoining owners and parties with an interest in the property where a disposal will release additional, or marriage value, to be shared with the Council. In some cases it could also include existing tenants.

In such off market disposals will be subject to an independent valuation to demonstrate that offers received are in line or better than the best value

7. Best Consideration – definition

The disposal of any Council owned asset is subject to achieving "Best Consideration" either in line with s123 of the Local Government Act 1972 or s233 of the Town and Country Planning Act 1990 where land has previously been appropriated for planning purposes. There are exceptions where a disposal at less than best consideration, where the variance does not exceed £2m can be permitted if there are clear economic, social or environmental benefit in line with the terms of

the General Disposal Consent (England) 2003 or otherwise with the consent of the Secretary of State.

It will be the responsibility of the Place directorate to ensure that the Best Consideration is achieved on all asset disposals

8. State Aid Regulations

It must be noted that disposals by any public body need to comply with state aid rules – legal advice may be required to determine the State Aid implications of disposals and it will be the responsibility of the Place directorate to ensure state aid rules are complied with.

9. Implementing this strategy Asset Strategy Resource Requirements

Any closure and disposal programme will require a separate budget and resource to be set up to allow the correct process to be followed and undertaken in a timely manner. Whilst the disposal costs (up to 4%) can be capitalised against sales receipts, there will need to be a budget made available to allow works to be carried out, specialist advice and if appropriate, planning consent to be obtained. All properties should ideally be externally valued as part of the “best consideration” approach but in certain circumstances an internal valuation undertaken by a suitably qualified RICS registered valuer may be acceptable.

It should be recognised that capital expenditure to allow relocation of staff, both for the physical move and any new facilities, will be required and a suitable budget should be established for asset rationalisation work as part of the strategy.

Given the initial number of assets identified and the complexity of some of the closures, a specific resource should be identified to project manage the process internally to ensure that it can be progressed and monitored properly with the necessary governance being followed.

The attached spreadsheet identifies initial budget costs against each project but these will need to be developed further as part of the project management process.

10. Types of Corporate Assets

The Council’s Corporate property portfolio is made up of a range of property assets that support the Council’s delivery of services and key objectives. The property portfolio can be broadly broken down into the following categories:-

- Operational – held to support service delivery
- Investment – held for financial return
- Community – support residents or provide recreation and increasingly to support delivery of services

- Education – Schools and other learning facilities
- Surplus – awaiting disposal, re-development or alternative use

The Interim Asset Disposal Strategy will not just focus on the surplus properties but will also consider the Council's wider property requirements so that other opportunities for consolidation and disposal or for a more viable alternative use can be considered.

It is important to recognise that any assets that become surplus may provide a viable operational solution to another element of the Council. Therefore when considering the disposal of any corporate buildings that have become surplus for the current operational requirement, details are forwarded to all directors (including plans and planning details) so that they have an opportunity to consider their suitability for alternative service requirements. These assets are only declared surplus and ready for disposal once they have been through this process. Any interest that is raised by service areas will be considered for suitability/viability and budget availability before a decision is taken.

11. HRA Surplus land

In addition to the corporate assets it is important that the Disposal Strategy sets out how the Council intends to release all surplus assets including those in the HRA especially where they have already been identified as potential redevelopment sites for disposal to Brick by Brick.

Subject to the ongoing review of Brick by Brick, the Council may decide to dispose of some of the sites within existing pipelines.

Such disposals will be subject to the approval of a full business case by ELT.

12. Public Open Space, Highways and Common Land

The disposal of land which is, or forms part of an area of Public Open Space, Highways Land or Common Land, is subject to special rules and procedures. Before disposing of such areas, the Council is obliged to publish the intention to dispose and consider any representations which are subsequently received and in the case of Highways Land additional consents or Notices may need to be issued. The provisions regarding the disposal of Common Land require consent from the Secretary of State and replacement land to be made available where the area of land to be sold exceeds 200m².

13. Corporate Assets – definitions

The disposals will fall within seven main categories:

- Surplus vacant sites to include properties in disrepair and surplus tenanted properties – Quick wins

- Surplus assets released by service areas or tenants
- Corporate offices
- Sites currently used for delivery of services but under utilised
- Sites requiring public consultation
- Income producing assets
- Housing Sites
 - Sites where BBB have already obtained planning consent
 - Pipeline sites/subject to planning application

14. Corporate sites – potential disposals

The following pages set out some disposal options.

Please see appendix 1 for more detailed comments for each of the proposed sites with estimated revenue and capital savings.

14.1 Surplus vacant Sites

The Council has some sites where the previous use has been ceased and the buildings vacated and either demolished or boarded up as there are no suitable uses. They are therefore generally vacant land or have buildings that are in need of major refurbishment or structural works which means that they are best suited for redevelopment. Whilst some may have previously been considered for Council led redevelopment projects these have not come forward as viable schemes and most of the sites have now been vacant for many years.

Whilst holding costs in many cases are fairly modest, keeping these sites vacant can offer a security risk or be a source for anti-social behaviour and therefore a reputational issues. Disposal and redevelopment would provide a much more positive outcome for the local area and help generate new homes in many cases.

Consideration should be given to whether the Council should initially seek a planning consent for the site. This may help achieve a higher value but will inevitably delay the disposal and incur considerable up front cost. In many cases this is not seen as a viable option and rather than adopting this approach for all sites, each disposal will be considered on its own merits to reflect the nature of the site, holding costs and need for disposal. If planning is not secured consideration will be given to securing any significant uplift in value through the inclusion of an overage provision.

Consideration has been given to the immediate sites that have been identified for potential disposal and it is recommended that the following sites are disposed of as quickly as possible. The method of the disposals will usually be through auction or using local agents to ensure the best value is achieved. Where appropriate, discussions with the Planning Authority have taken place to inform likely future uses.

14.2 Surplus Assets Released by a Council Service or Commercial Tenants

As service requirements change over time, some buildings are released as they are no longer fit for purpose or required for the original service use. These are generally in reasonable order and have recently been vacated. They may be suitable for re-use, conversion or redevelopment. Prior to consideration for disposal, alternative service uses will be considered through the process outlined above. All assets listed below have been declared surplus through the existing disposal process and are therefore suitable for early disposal.

For tenanted assets that have been vacated, consideration will first be given to the possibility of re-letting them to generate income which may help maximise asset value if they are considered for disposal. However, where the sites are likely to generate low rental returns and capital values for vacant sites are considered to be higher than let sites, these should be considered in the first instance for sale.

14.3 Corporate Offices

The Council's corporate office strategy is to consolidate the number of offices that are used as a head office type function. Over the last 8 years around 15 sites have been vacated and the Council's corporate office function centred round Bernard Weatherall House (BWH). Changes in working styles to adopt a 3:2 desk ration has allowed some surplus space to be created and this has been absorbed through letting space within the building to partner organisations and private companies to generate additional income.

With the increase in home working opportunities and delivery of services using different methods and media, further consolidation of office space has become possible. Whilst there are few outlying offices remaining, where these exist consideration has been given to their closure and relocation of staff to BWH or provision of face to face services from other hub buildings.

Whilst the impact of Covid-Safe building requirements may currently limit some of these relocations, once these restrictions have been lifted, opportunities will arise for further relocations into BWH and the proposed office strategy builds on this and the more flexible working and service provision styles.

14.4 Underutilised Assets

Due to changing service delivery and demands, there are a number of assets that are not fully utilised and buildings could be released and those retained invested in and more intensively used. Key assets within this category include Youth provision as two new facilities, the centrally located Legacy Youth hub in Whitehorse Road and the new Timebridge centre in New Addington, have recently opened.

14.5 Sites Requiring Public Consultation

With a requirement to deliver more services for less the Council also needs to look at some of its assets currently used to deliver services to see whether an acceptable service can be delivered from less locations. The key area of consideration is focused around libraries. Whilst the Council have a statutory duty to provide a suitable library provision, we currently have 13 libraries and therefore it would be possible to consolidate the provision. Prior to the closure of any libraries it is a requirement that formal public consultation is required and for this reason, any such closures are likely to be deferred for at least 12 months.

14.6 Income Producing Assets

The Council have adopted an Investment Strategy to acquire and hold properties to specifically to produce income to support wider service delivery. However there are also a number of historic assets that the Council have acquired that produce income. If capital receipts rather than revenue income are considered to be more important than some of the assets that produce lower income levels could be considered for sale.

Consideration could be given to the sale of the recently acquired investment assets. Although these assets were purchased with a long term view to value but it is now important to consider possible early disposal where this makes commercial sense.

14.7 Housing sites

These sites form part of the ongoing review of Brick by Brick (BBB), so are not immediate disposals. The previous Asset Strategy identified a large number of surplus or underutilised sites that could potentially be used for housing development. These were investigated and brought forward through Brick by Brick and many have now been successfully developed. This process was then continued and BBB put forward further pipeline sites. Some of these have now obtained planning consent whilst others are still at the feasibility stage but with the decision not to transfer over any new sites to BBB following the recent reviews these should now be considered for potential sale to private developers.

Many of these sites were not viable for BBB to develop due to the requirement for them to deliver a high level of affordable housing even for the smaller sites that under the existing planning guidance would not require any affordable units to be provided. Private sale of these sites may therefore prove to be desirable to generate capital receipts albeit at the expense of the number of new affordable homes coming forward.

It is therefore recommended that a detailed piece of work is carried out to assess the potential of all of these sites and bring forward those that, on a purely commercial basis are likely to provide a capital receipt. Any sites that are likely to be marginal or too controversial should not be taken forward and considered for sale at this point.

For the larger sites the development options need to be carefully considered as to whether an outright sale is preferred or a possible Joint Venture option to potentially secure a higher capital sum albeit at a later date. It is recommended that for the larger sites further specialist advice is obtained from tier 1 specialist firms.

A separate piece of work is currently being undertaken to review all the BBB sites that have not already been transferred to BBB including those where contracts may have already been entered into with developers. The assessment will determine whether it is more appropriate to transfer these sites to BBB or look to terminate the contracts and dispose of them to a third party developer.

The proposal for the potential wider site disposal will look at options around straight disposal, enter into a development partnership with a private developer or housing association or not look to bring the sites forward

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1. Introduction

1.1 Purpose of Equality Analysis

The council has an important role in creating a fair society through the services we provide, the people we employ and the money we spend. Equality is integral to everything the council does. We are committed to making Croydon a stronger, fairer borough where no community or individual is held back.

Undertaking an Equality Analysis helps to determine whether a proposed change will have a positive, negative, or no impact on groups that share a protected characteristic. Conclusions drawn from Equality Analyses helps us to better understand the needs of all our communities, enable us to target services and budgets more effectively and also helps us to comply with the Equality Act 2010.

An equality analysis must be completed as early as possible during the planning stages of any proposed change to ensure information gained from the process is incorporated in any decisions made.

In practice, the term '**proposed change**' broadly covers the following:-

- Policies, strategies and plans;
- Projects and programmes;
- Commissioning (including re-commissioning and de-commissioning);
- Service review;
- Budget allocation/analysis;
- Staff restructures (including outsourcing);
- Business transformation programmes;
- Organisational change programmes;
- Processes (for example thresholds, eligibility, entitlements, and access criteria).

2. Proposed change

Directorate	Resources
Title of proposed change	Property Disposals as part of the Interim Asset Disposal Strategy
Name of Officer carrying out Equality Analysis	Steve Wingrave

2.1 Purpose of proposed change (see 1.1 above for examples of proposed changes)

The Council is proposing to dispose of a number of assets as part of the Interim Disposal Strategy to help generate capital receipts in line with the MTFS requirements and enable the Council to continue to deliver its key services.

3. Impact of the proposed change

Important Note: It is necessary to determine how each of the protected groups could be impacted by the proposed change. If there is insufficient information or evidence to reach a decision you will need to gather appropriate quantitative and qualitative information from a range of sources e.g. Croydon Observatory a useful source of information such as Borough Strategies and Plans, Borough and Ward Profiles, Joint Strategic Health Needs Assessments <http://www.croydonobservatory.org/>. Other sources include performance monitoring reports, complaints, survey data, audit reports, inspection reports, national research and feedback gained through engagement with service users, voluntary and community organisations and contractors.

3.1 Additional information needed to determine impact of proposed change

Table 1 – Additional information needed to determine impact of proposed change

If you need to undertake further research and data gathering to help determine the likely impact of the proposed change, outline the information needed in this table.

Additional information needed	Information source	Date for completion
<p>The proposed disposal comprises of vacant land and buildings or assets that have been vacated by services and declared surplus and therefore the disposal will not have a direct impact individual's rights.</p> <p>The disposal of the Peter Sylvester Centre will remove an asset previously used by a group with protected characteristics, but this decision was made by the service prior to the disposal and the impact of the decision would have been taken at that time. In addition, the users of this property are now using the new Cherry Hub which can offer a greater range and quality of resources together with the Addington Heights facility and the refurbishment was designed to incorporate the users of Peter Sylvester.</p> <p>Both the other assets have been vacant for some considerable time (at least 8-10 years) and therefore do not have any significant impact on residents with protected characteristics.</p>	<p>Asset Management/CMT</p>	<p>November 2021</p>

3.2 Deciding whether the potential impact is positive or negative

Table 2 – Positive/Negative impact

For each protected characteristic group show whether the impact of the proposed change on service users and/or staff is positive or negative by briefly outlining the nature of the impact in the appropriate column. . If it is decided that analysis is not relevant to some groups, this should be recorded and explained. In all circumstances you should list the source of the evidence used to make this judgment where possible.			
Protected characteristic group(s)	Positive impact	Negative impact	Source of evidence
Age	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises as detailed above.	None	Asset Management Team
Disability	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises as detailed above.	None	As above
Gender	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises.	None	As above.

Gender Reassignment	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises.	None	As above.
Marriage or Civil Partnership	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises.	None	As above.
Religion or belief	. The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises.	None	As above.
Race	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises.	None	As above.
Sexual Orientation	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises.	None	As above.
Pregnancy or Maternity	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus or the services are continuing from alternative premises.	None	As above.

Important note: You must act to eliminate any potential negative impact which, if it occurred would breach the Equality Act 2010. In some situations this could mean abandoning your proposed change as you may not be able to take action to mitigate all negative impacts.

When you act to reduce any negative impact or maximise any positive impact, you must ensure that this does not create a negative impact on service users and/or staff belonging to groups that share protected characteristics.

3.3 Impact scores

Example

If we are going to reduce parking provision in a particular location, officers will need to assess the equality impact as follows;

1. Determine the Likelihood of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the likelihood of impact score is 2 (likely to impact)
2. Determine the Severity of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the Severity of impact score is also 2 (likely to impact)
3. Calculate the equality impact score using table 4 below and the formula **Likelihood x Severity** and record it in table 5, for the purpose of this example - **Likelihood (2) x Severity (2) = 4**

Table 4 – Equality Impact Score

Severity of Impact	3	3	6	9
	2	2	4	6
	1	1	2	3
		1	2	3
	Likelihood of Impact			

Key

Risk Index	Risk Magnitude
6 – 9	High
3 – 5	Medium
1 – 3	Low

Table 5 – Impact scores

<p>Column 1</p> <p>PROTECTED GROUP</p>	<p>Column 2</p> <p>LIKELIHOOD OF IMPACT SCORE</p> <p>Use the key below to score the likelihood of the proposed change impacting each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p>1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact</p>	<p>Column 3</p> <p>SEVERITY OF IMPACT SCORE</p> <p>Use the key below to score the severity of impact of the proposed change on each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p>1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact</p>	<p>Column 4</p> <p>EQUALITY IMPACT SCORE</p> <p>Calculate the equality impact score for each protected group by multiplying scores in column 2 by scores in column 3. Enter the results below against each protected group.</p> <p>Equality impact score = likelihood of impact score x severity of impact score.</p>
Age	1	1	1
Disability	2	1	2 (in a positive way through the delivery of new housing that will include accessible units)
Gender	1	1	1
Gender reassignment	1	1	1
Marriage / Civil Partnership	1	1	1
Race	1	1	1
Religion or belief	1	1	1
Sexual Orientation	1	1	1
Pregnancy or Maternity	1	1	1

4. Statutory duties

4.1 Public Sector Duties

Tick the relevant box(es) to indicate whether the proposed change will adversely impact the Council's ability to meet any of the Public Sector Duties in the Equality Act 2010 set out below.

Advancing equality of opportunity between people who belong to protected groups

Eliminating unlawful discrimination, harassment and victimisation

Fostering good relations between people who belong to protected characteristic groups

Important note: If the proposed change adversely impacts the Council's ability to meet any of the Public Sector Duties set out above, mitigating actions must be outlined in the Action Plan in section 5 below.

5. Action Plan to mitigate negative impacts of proposed change

Table 5 – Action Plan to mitigate negative impacts

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions mitigate them.

Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Disability	No Negative Impact			
Race	No Negative Impact			
Sex (gender)	No Negative Impact			
Gender reassignment	No Negative Impact			
Sexual orientation	No Negative Impact			
Age	No Negative Impact			

Equality Analysis

Religion or belief	No Negative Impact			
Pregnancy or maternity	No Negative Impact			
Marriage/civil partnership	No Negative Impact			

6. Decision on the proposed change

Based on the information outlined in this Equality Analysis enter **X** in column 3 (**Conclusion**) alongside the relevant statement to show your conclusion.

Decision	Definition	Conclusion - Mark 'X' below
No major change	<p>Our analysis demonstrates that the policy is robust. The evidence shows no potential for discrimination and we have taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review. If you reach this conclusion, state your reasons and briefly outline the evidence used to support your decision.</p> <p>The proposed disposals will not significantly change the current provision and delivery of services. The services provided to adults with disabilities is covered through the more extensive facilities now available at Cherry Hub in line with the change in delivery strategy adopted by Adults. Although the sale of Goldcrest will reduce the available sites for youth provision, the new facility at Fieldway centre with a dedicated youth area plus the continued use of the site as a community facility will help mitigate the impact. The sale to one of the faith groups will help strengthen the faith based element in the local area as well as the wider community support that these groups have proposed to provide.. The other two sites are vacant and their sale will not only secure capital receipts but also help improve the local area and will provide new housing with improved facilities which, depending on the schemes will provide some accessible accommodation..</p>	x
Adjust the proposed change	<p>We will take steps to lessen the impact of the proposed change should it adversely impact the Council's ability to meet any of the Public Sector Duties set out under section 4 above, remove barriers or better promote equality. We are going to take action to ensure these opportunities are realised. If you reach this conclusion, you must outline the actions you will take in Action Plan in section 5 of the Equality Analysis form</p>	
Continue the proposed change	<p>We will adopt or continue with the change, despite potential for adverse impact or opportunities to lessen the impact of discrimination, harassment or victimisation and better advance equality and foster good relations between groups through the change. However, we are not planning to implement them as we are satisfied that our project will not lead to unlawful discrimination and there are justifiable reasons to continue as planned. If you reach this conclusion, you should clearly set out the justifications for doing this and it must be in line with the duty to have due regard and how you reached this decision.</p>	

Equality Analysis

Stop or amend the proposed change	Our change would have adverse effects on one or more protected groups that are not justified and cannot be mitigated. Our proposed change must be stopped or amended.	
Will this decision be considered at a scheduled meeting? e.g. Contracts and Commissioning Board (CCB) / Cabinet Yes.		Meeting title: Cabinet Date: 24 January 2021

7. Sign-Off

Officers that must approve this decision		
Equality lead	Name: Denise McCausland	Date: 29 December 2021
	Position: On behalf of Director for Policy & Partnerships	
Director	Name: Peter Mitchell	Date: 11 January 2022
	Position: Interim Director of Commercial Investment and Capital	

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Equality Analysis Form

September 2018

1. Introduction

1.1 Purpose of Equality Analysis

The council has an important role in creating a fair society through the services we provide, the people we employ and the money we spend. Equality is integral to everything the council does. We are committed to making Croydon a stronger, fairer borough where no community or individual is held back.

Undertaking an Equality Analysis helps to determine whether a proposed change will have a positive, negative, or no impact on groups that share a protected characteristic. Conclusions drawn from Equality Analyses helps us to better understand the needs of all our communities, enable us to target services and budgets more effectively and also helps us to comply with the Equality Act 2010.

An equality analysis must be completed as early as possible during the planning stages of any proposed change to ensure information gained from the process is incorporated in any decisions made.

In practice, the term '**proposed change**' broadly covers the following:-

- Policies, strategies and plans;
- Projects and programmes;
- Commissioning (including re-commissioning and de-commissioning);
- Service review;
- Budget allocation/analysis;
- Staff restructures (including outsourcing);
- Business transformation programmes;
- Organisational change programmes;
- Processes (for example thresholds, eligibility, entitlements, and access criteria).

2. Proposed change

Directorate	Resources
Title of proposed change	Microsoft Enterprise Software Agreement
Name of Officer carrying out Equality Analysis	Fahid Ahmad

2.1 Purpose of proposed change (see 1.1 above for examples of proposed changes)

The re-procurement of our Microsoft software licencing due to the continuing requirement to use Microsoft software products. This is being considered because Microsoft software is critical to delivering key services across the organisation for Croydon residents. It has been vital in supporting Council activities during the disruption caused by the pandemic and will further enable efficiencies and improved ways of working.

3. Impact of the proposed change

Important Note: It is necessary to determine how each of the protected groups could be impacted by the proposed change. Summarise any positive impacts or benefits, any negative impacts and any neutral impacts and the evidence you have taken into account to reach this conclusion. Be aware that there may be positive, negative and neutral impacts within each characteristic.

Where an impact is unknown, state so. If there is insufficient information or evidence to reach a decision you will need to gather appropriate quantitative and qualitative information from a range of sources e.g. Croydon Observatory a useful source of information such as Borough Strategies and Plans, Borough and Ward Profiles, Joint Strategic Health Needs Assessments <http://www.croydonobservatory.org/> Other sources include performance monitoring reports, complaints, survey data, audit reports, inspection reports, national research and feedback gained through engagement with service users, voluntary and community organisations and contractors.

3.1 Deciding whether the potential impact is positive or negative

Table 1 – Positive/Negative impact

For each protected characteristic group show whether the impact of the proposed change on service users and/or staff is positive or negative by briefly outlining the nature of the impact in the appropriate column. If it is decided that analysis is not relevant to some groups, this should be recorded and explained. In all circumstances you should list the source of the evidence used to make this judgement where possible.

Protected characteristic group(s)	Positive impact	Negative impact	Source of evidence
Age	Neutral Impact	Neutral Impact	This re-procurement applies to all regardless of age
Disability	Potential positive impact under Disability Microsoft have carried out extensive accessibility testing and have released	N/A	https://www.microsoft.com/en-us/accessibility/

	software such as Microsoft Teams to make communicating easier and available		
Gender	Neutral Impact	Neutral Impact	This re-procurement applies to all regardless of gender
Gender Reassignment	Neutral Impact	Neutral Impact	This re-procurement applies to all regardless of gender reassignment
Marriage or Civil Partnership	Neutral Impact	Neutral Impact	This re-procurement applies to all regardless of marriage or civil partnership
Religion or belief	Neutral Impact	Neutral Impact	This re-procurement applies to all regardless of religion of belief
Race	Neutral Impact	Neutral Impact	This re-procurement applies to all regardless of race
Sexual Orientation	Neutral Impact	Neutral Impact	This re-procurement applies to all regardless of sexual orientation
Pregnancy or Maternity	Neutral Impact	Neutral Impact	This re-procurement applies to all regardless of pregnancy or maternity

Important note: You must act to eliminate any potential negative impact which, if it occurred would breach the Equality Act 2010. In some situations this could mean abandoning your proposed change as you may not be able to take action to mitigate all negative impacts.

When you act to reduce any negative impact or maximise any positive impact, you must ensure that this does not create a negative impact on service users and/or staff belonging to groups that share protected characteristics. **Please use table 4 to record actions that will be taken to remove or minimise any potential negative impact**

3.2 Additional information needed to determine impact of proposed change

Table 2 – Additional information needed to determine impact of proposed change

If you need to undertake further research and data gathering to help determine the likely impact of the proposed change, outline the information needed in this table. Please use the table below to describe any consultation with stakeholders and summarise how it has influenced the proposed change. Please attach evidence or provide link to appropriate data or reports:

Additional information needed and or Consultation Findings	Information source	Date for completion

For guidance and support with consultation and engagement visit <https://intranet.croydon.gov.uk/working-croydon/communications/consultation-and-engagement/starting-engagement-or-consultation>

3.3 Impact scores

Example

If we are going to reduce parking provision in a particular location, officers will need to assess the equality impact as follows;

1. Determine the Likelihood of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the likelihood of impact score is 2 (likely to impact)
2. Determine the Severity of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the Severity of impact score is also 2 (likely to impact)
3. Calculate the equality impact score using table 4 below and the formula **Likelihood x Severity** and record it in table 5, for the purpose of this example - **Likelihood (2) x Severity (2) = 4**

Table 4 – Equality Impact Score

Severity of Impact	3	3	6	9
	2	2	4	6
	1	1	2	3
		1	2	3
	Likelihood of Impact			

Key

Risk Index	Risk Magnitude
6 – 9	High
3 – 5	Medium
1 – 3	Low

Table 3 – Impact scores

<p>Column 1</p> <p>PROTECTED GROUP</p>	<p>Column 2</p> <p>LIKELIHOOD OF IMPACT SCORE</p> <p>Use the key below to score the likelihood of the proposed change impacting each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p>1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact</p>	<p>Column 3</p> <p>SEVERITY OF IMPACT SCORE</p> <p>Use the key below to score the severity of impact of the proposed change on each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p>1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact</p>	<p>Column 4</p> <p>EQUALITY IMPACT SCORE</p> <p>Calculate the equality impact score for each protected group by multiplying scores in column 2 by scores in column 3. Enter the results below against each protected group.</p> <p>Equality impact score = likelihood of impact score x severity of impact score.</p>
Age	1	1	1
Disability	1	1	1
Gender	1	1	1
Gender reassignment	1	1	1
Marriage / Civil Partnership	1	1	1
Race	1	1	1
Religion or belief	1	1	1
Sexual Orientation	1	1	1
Pregnancy or Maternity	1	1	1

Equality Analysis

4. Statutory duties

4.1 Public Sector Duties

Tick the relevant box(es) to indicate whether the proposed change will adversely impact the Council's ability to meet any of the Public Sector Duties in the Equality Act 2010 set out below.

Advancing equality of opportunity between people who belong to protected groups

Eliminating unlawful discrimination, harassment and victimisation

Fostering good relations between people who belong to protected characteristic groups

Important note: If the proposed change adversely impacts the Council's ability to meet any of the Public Sector Duties set out above, mitigating actions must be outlined in the Action Plan in section 5 below.

5. Action Plan to mitigate negative impacts of proposed change

Important note: Describe what alternatives have been considered and/or what actions will be taken to remove or minimise any potential negative impact identified above (table 1). Attach evidence or provide link to appropriate data, reports, etc.):

Table 4 – Action Plan to mitigate negative impacts

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions mitigate them.

Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Disability				
Race				
Sex (gender)				
Gender reassignment				
Sexual orientation				
Age				
Religion or belief				
Pregnancy or maternity				

Marriage/civil partnership				
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6. Decision on the proposed change

Based on the information outlined in this Equality Analysis enter **X** in column 3 (**Conclusion**) alongside the relevant statement to show your conclusion.

Decision	Definition	Conclusion - Mark 'X' below
No major change	Our analysis demonstrates that the policy is robust. The evidence shows no potential for discrimination and we have taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review. If you reach this conclusion, state your reasons and briefly outline the evidence used to support your decision.	X Microsoft software licencing has been in place previously and this would be a re-procurement. Staff already are using the products and this would just continue.
Adjust the proposed change	We will take steps to lessen the impact of the proposed change should it adversely impact the Council's ability to meet any of the Public Sector Duties set out under section 4 above, remove barriers or better promote equality. We are going to take action to ensure these opportunities are realised. If you reach this conclusion, you must outline the actions you will take in Action Plan in section 5 of the Equality Analysis form	
Continue the proposed change	We will adopt or continue with the change, despite potential for adverse impact or opportunities to lessen the impact of discrimination, harassment or victimisation and better advance equality and foster good relations between groups through the change. However, we are not planning to implement them as we are satisfied that our project will not lead to unlawful discrimination and there are justifiable reasons to continue as planned. If you reach this conclusion, you should clearly set out the justifications for doing this and it must be in line with the duty to have due regard and how you reached this decision.	

Equality Analysis

Stop or amend the proposed change	Our change would have adverse effects on one or more protected groups that are not justified and cannot be mitigated. Our proposed change must be stopped or amended.	
Will this decision be considered at a scheduled meeting? e.g. Contracts and Commissioning Board (CCB) / Cabinet - Yes	Meeting title: Cabinet Date: TBC	

7. Sign-Off

Officers that must approve this decision		
Equalities Lead	Name: D.McCausland	Date: 9 November 2021
	Position: Equality Programme Manager	
Director	Name:	Date:
	Position:	

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