

For General Release

REPORT TO:	CABINET 18 OCTOBER 2021
SUBJECT:	Property Disposal Update as part of the Interim Asset Disposal Strategy
LEAD OFFICER:	Sarah Hayward, Interim Executive Director of Place
CABINET MEMBER:	Councillor Callton Young OBE Cabinet Member for Resources and Financial Governance
WARDS:	All

COUNCIL PRIORITIES 2020-2024

Croydon Renewal Plan – the recommendations in this report are in line with the new priorities and ways of working

Medium Term Financial Strategy

FINANCIAL IMPACT

This paper is seeking approval for the disposal of 5 assets in line with the Interim Disposal Strategy and a lease extension . If progressed these will deliver over £60m capital receipt as part of the assets disposal strategy and will significantly contribute towards the 2021/22 MTFS requirements.

All disposal costs associated with these transactions including officer time will be paid for out of the capital receipts in line with the current financial guidelines of the Interim Asset Disposal Strategy and the initial tranche of assets for disposal. Whilst the actual disposals will lead to significant revenue savings and capital receipts these will be reported as part of the individual disposals. The overall target for capital receipts assumed within the MTFS for 2021/22 is £3.4m and £52.6m over the three year MTFS period.

Te realisation of capital receipts are required to be delivered in order to limit the revenue implications associated with the borrowing for the capitalisation directions for the previous 3 years and over the next three.

FORWARD PLAN KEY DECISION REFERENCE NO.: 5221RFG (Concord and Sycamore), 3421CAB (Croydon Park Hotel), 3521CAB (College Green)

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

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended on the basis of the terms set out in Part A and B of this report to:

- 1.1 Approve the disposal of the Croydon Park Hotel;
- 1.2 Approve the disposal of the College Green site;
- 1.3 Delegate the approval for the disposal of Heath Lodge, Grangewood Park by auction to the Interim Corporate Director Resources in consultation with the Cabinet Member for Croydon Renewal and to note the representations made following the Notice for the disposal of public open space;
- 1.4 Delegate the approve for the Disposal of Ashburton Lodge by auction to the Interim Executive Director Resources in consultation with the Cabinet Member for Croydon Renewal;
- 1.5 Approve the extension of the leases for Concord and Sycamore House
- 1.6 Agree to the amended asset disposal list as detailed in section 7 of this report
- 1.7 Note the update on the Investment Asset performance as detailed in section 8 of this report

2. EXECUTIVE SUMMARY

- 2.1 This paper provides an update on the disposals programme that follows on from the Interim Disposal Strategy agreed by Cabinet in February and demonstrates delivery against the targets set as part of the Croydon Renewal Plan and Medium Term Financial Strategy [MTFS]. All the disposals have followed the formal approach set out in the adopted Strategy.
- 2.2 A review of the original proposals for asset disposals has also been undertaken and the provisional lists have been amended following further consultation and work with service areas. Whilst this has led to the removal or rescheduling of some asset disposals, other opportunities have been added to ensure that the disposal programme remains on track to support the requirements of the Croydon Renewal Plan.
- 2.3 The report also includes a summary of the performance of the Council's investment assets in line with the recommendations of the Report in the Public Interest and Improvement Panel recommendations and the proposals for providing a new Asset Management Plan.

3. BACKGROUND

- 3.1 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 follow a defined process. Each of the recommended disposals has therefore been subject to:

- a) Submission of a business case summary to Place DLT and ELT which includes a financial case for disposal
 - b) Confirmation that where appropriate the asset has been declared surplus
 - c) Impact/risks of the disposal – financial, reputational, political, and operational.
 - d) completion of an independent valuation by an RICS Registered valuer to show that best consideration requirements are fully complied with
 - e) A market assessment by a suitably qualified agent familiar with the local market/asset type
- 3.2 As part of the ongoing asset review, more detailed conversations have now been had with some of the service areas where assets were put forward for disposal. This has led to a better understanding of their requirements and the timing of potential service delivery changes which has necessitated the removal or delay in the sale of some of the assets. It has also been necessary to reconsider some disposals following the outcome of public consultation. Due to the importance of this programme to help support the Council's recovery plan, alternative opportunities have been considered and developed and therefore the removal or delay of some assets has not impacted on the programme.
- 3.3 The revised list of assets disposals for 2021/22 has been included within this paper and potential future disposals with proposed timelines in Appendix B as part of the Part B Paper. This includes details of the agents that have been appointed to market the units and whether they are currently on the market or still subject to appraisal.
- 3.4 For all the properties that are being actively marketed a data room will be set up with basic property details and any appropriate planning history or information to try and ensure that best value is obtained for all disposals

4. DETAIL

- 4.1 All the proposed disposals have been valued and fully appraised and marketed by appropriate agents and have, or in the case of the two properties where sale at auction has been recommended, will be fully marketed to ensure that best consideration is obtained.
- 4.2 The agents have been selected following a procurement exercise to ensure that the best terms have been secured in respect of their fee proposals and also the best quality agents appointed. In all cases, the cost of the marketing and disposal of the assets can be capitalised against the sale proceeds in line with the current financial regulations and therefore there is no additional revenue pressure placed on the Council as a result of these transactions.
- 4.3 When looking at the disposals consideration of the holding costs and whole life costing has been considered as part of the process.

5. Croydon Park Hotel and College Green

- 5.1 Following the proposals set out in the February Cabinet Paper, following a full procurement exercise and the shortlisting of 5 experienced Tier 1 agents, Savills have been appointed to market both the Croydon Park Hotel and College Green sites. The initial marketing period to allow this to be brought back to cabinet in September has been extended to allow for the Mayoral Referendum which has provided an extra period to provide background information and marketing to help secure the best outcome.
- 5.2 The marketing process was split into two distinct phases following targeted marketing through Savills extensive contacts list, an advert in the Estates Gazette for both Web based and printed versions (on the 9th and 10th July), profession particulars and follow up calls with expressions of interest received by the Council. A series of viewings have been arranged and data rooms set up with detailed legal title, planning and site information.
- 5.3 Phase 1 of the marketing called for initial expressions of interest and for both sites this elicited a good range of interest with over 8 viewings, 72 parties visiting the dataroom and 10 formal expressions of interest for Croydon Park Hotel and 47 parties visiting the dataroom and 10 inspections leading to 10 formal expressions of interest for College Green as summarised in the table below.

Site	Total number of Bidders Phase 1	Number shortlisted for Phase 2
Croydon Park Hotel	10	8 (all made initial bids of over £19.5m)
College Green	10	6 (all made unconditional bids over £15m)

- 5.4 Each bid was analysed jointly by the agents and the Council Officers to consider the terms of the offer, strength of the bidder in the market sector, finance availability, any conditions or timing issues and past performance. They were then shortlisted and the best 8 were invited to provide a formal "best and final" bid. The results of these are summarised in Appendix 2 of the Part B table due to the confidential nature of the bids.
- 5.5 Following detailed consideration and a further interview with each of the 3 selected bidders for each site, the recommended proposal for acceptance is set out in more detail in the Part B paper.
- 5.6 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.

- 5.7 Detailed consideration has therefore been given to the current market conditions for both residential development and the hotel 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.
- 5.8 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.
- 5.9 Given the combined impact of the increase in residential values being offset by the considerable increase in build costs and tender prices it is unlikely that any significant change in overall market values for development sites will occur over the next few years. There is also the risk that as more new development and especially Buy to Rent developments currently under construction within Croydon are completed the local market could become saturated.
- 5.10 The marketing of the Croydon Park Hotel has demonstrated that the current hotel market has not recovered from the pre-pandemic levels. The asset is currently very costly to continue to hold due to the security, business rates and loan costs and whilst being held vacant, the asset will continue to deteriorate and become more expensive to return to use and therefore any delay in the disposal is likely to reduce the overall value of the existing asset.
- 5.11 It should also be noted that the trading at the hotel was declining pre pandemic due to the reliance on income through business use which was heavily reduced as a result of Brexit. Whilst it may be the case that there is a general improvement in the hotel industry, this is more likely to be driven through the holiday leisure market than business stays and therefore hotels such as the Croydon Park Hotel are unlikely to improve at the same rate.
- 5.12 The current poor hotel market has been demonstrated by the fact that although marketed as a hotel, the highest bidding has been derived from residential opportunities.
- 5.13 The disposal of the hotel and proposed alternative use will also help strengthen the remaining Croydon hotel market through the reduction in available bed spaces and may therefore assist in the local revival of this sector.
- 5.14 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 exciting regeneration opportunities at the earliest opportunity which will help deliver wider benefits to Croydon from both a social and economic perspective. The

early sale of the Croydon Park Hotel will also deliver savings against the current holding cost which, excluding finance costs amount to £610,000 a year.

6. Other Asset Disposals

6.1 Heath Lodge, Grangewood Park

6.1.1 This is a former park keepers cottaged located to the southern end of Grangewood Park. The proposed disposal involves the sale of the former house and associated garden but also includes two small areas of land within Grangewood Park to help facilitate access to the property and in particular to allow access from Grange Road. As the proposal would include the sale of public open land, a Notice was placed in the Croydon Guardian for two consecutive weeks with a plan showing the site area and elements of public open space affected in line with statutory requirements.

6.1.2 There have been earlier proposals to sell this asset, the last in 2019 but following public objection a decision not to sell was taken. Following the last proposed disposal a 4,500 signature petition was presented to the Council objecting to the sale. Alternative uses have been considered by the Council but these have proved not to be financially viable. Although local community groups have previously expressed an interest in retaining the asset for community use, these discussions have not progressed and the property has continued to deteriorate and attract antisocial behavior. A decision was therefore taken to include it within the proposed disposals list to help support the Medium Term Financial Strategy and this was approved by Cabinet in February 2021.

6.1.3 Following that decision, a further Notice was placed in the Croydon Guardian for two consecutive weeks and 14 responses were received. A summary of the range of comments has been included below but a more detailed summary is included in Appendix 2A of this Part A paper. These have all been acknowledged and responded to.

DATE OBJECTION RECEIVED	SUMMARY
08/06/2021	Objects to selling of Lodge and part of the park due to community, environmental and conservation reasons
08/06/2021	Objects to selling of Lodge and felt that it had been deliberately left to deteriorate. Feels it should be retained for community use.
08/06/2021	Objects to selling of Lodge for fear it will be demolished and flats built on it
10/06/2021	Objects to selling of open space and Lodge and reference to previous decision to withdraw the proposal to sell and the petition
14/06/2021	Objects to the sale of parkland, potential impact on the adjoining Great North Wood, lack of wider consultation, questioning the Council's ownership
14/06/2021	Objects to the sale of parkland, questioning ownership and impact on Great North Wood
19/06/2021	Objects to the sale of parkland
21/06/2021	Objects to the sale of parkland and public asset
22/06/2021	Objects to sale of parkland and questioning where it was advertised

- 27/06/2021 Objects to the sale of parkland
- 29/06/2021 Objects to the sale of the Lodge and the land
- 06/07/2021 Objects to sale of parkland and lodge and reference to the petition and previous decision. Concerns over the impact on the Great North Wood, question over whether the lodge garden should be treated as part of the park
- 08/07/2021 Objects to sale of parkland
Enquiry regarding purchase of Lodge

- 6.1.4 Whilst there have been a number of objections to the proposed sale, including ones from members of the Friends of Grangewood Park, the continued deterioration and antisocial behavior centred around this property together with the Council's current financial position have led to the latest recommendation to sell the asset.
- 6.1.5 The main concern is regarding the sale of part of the public open space and the potential impact on the Great North Wood and potential future development. The majority of the site was the former garden area of the lodge and there is clear evidence that this was securely fenced off and excluded from public access when the lodge was in use. The areas of public open space to be included are to the side of the Lodge to provide some privacy/security and to the western side immediately abutting the boundary with Grange Road which is largely overgrown and prone to fly-tipping and does not form a formal and readily accessible part of the main park.
- 6.1.6 In respect of the redevelopment of the site, the sale will include covenants to restrict the use of the property and prevent redevelopment although will allow minor alterations to the building. It is also proposed that the property be retained for use as a single dwelling.
- 6.1.7 The recommendation is for a sale at auction due to the poor condition which will allow proper marketing and lead to a quick sale to help encourage its return to residential use as soon as possible.

6.2 Ashburton Lodge

- 6.2.1 The former park keepers lodge has been occupied for residential purposes by Council staff up until 2015 when it was vacated and has since been used as the site office during the refurbishment of Ashburton Hall and more recently occupied by residential guardians.
- 6.2.2 The property was initially retained as a potential site for the relocation of a nursery to help facilitate the redevelopment of a nearby community building. However, following the consideration of a number of schemes over the last few years, a viable redevelopment of the community centre has not proved possible and therefore a new 5 year lease is being granted for the existing community centre.
- 6.2.3 The Guardian company currently managing the building have now served notice to terminate their agreement as the property requires repairs and fire safety works which are not cost effective to undertake given the rental being received. The Council are therefore faced with either undertaking these works themselves to continue the occupation by the guardians or look at alternative proposals.

Consideration has been given to retaining the property and carrying out the repair and modernisation works and then placing in the Housing Revenue Account as a social housing property. However, the likely disposal value plus cost of repairs and works to bring this up to the required decent homes standard is not as financially viable as a straight sale.

- 6.2.4 The site also includes some outbuildings which are currently used for storage and are in a poor structural condition. These could be incorporated into the main house to create additional living space by a potential purchaser. This part of the building is currently used by the Friends of Ashburton Park for storage of equipment. A proposal to provide a shipping container has been put forward as an alternative and this is supported by the Friends group. The cost of this would be in the region of £2,500
- 6.2.5 The property already has a clearly defined garden including garage and has vehicular and pedestrian access through the car park area and therefore there is no need to dispose of any of the park or other elements of public open space.
- 6.2.6 It is therefore being recommended that the lodge is sold at auction which is likely to secure the best price for the asset. Covenants will be placed on the property to ensure that any development is limited and the property can only be used for residential or community based uses.

6.3 Lease Extension for Concord and Sycamore House

- 6.3.1 Following the approval by Cabinet in July the leases for these two residential blocks providing emergency temporary accommodation have already been varied and a premium of £1m secured. As part of the variation, the leases provide for the Council to extend the lease terms for a further 8 years from 37 years remaining to 45 years on the same terms as included within the existing leases.
- 6.3.2 The current lease terms allow for the the Council to acquire the Freehold interest for assets at lease expiry for £1 and therefore the extension of the lease term will delay this and require the Council to pay the passing rent for a further 8 years.
- 6.3.3 A financial appraisal was undertaken as part of the earlier paper which demonstrates that the option to extend the lease was financially beneficial on receipt of a premium of £8m from the landlord. Following further discussion and an improvement in the gilts market since these discussions, the landlord has now agreed a premium of £9m for the lease extension.
- 6.3.4 Advice from the Council's treasury advisers has been sought regarding the timing of the lease extension given its reliance on funding through the gilts market and they have confirmed that it is likely to be financially beneficial to agree a deal now.
- 6.3.5 Given the continued need for and reliance on this type of accommodation Housing can see no reason why we should not extend the leases for these two blocks.

6.3.6 As part of the due diligence updated building and concrete surveys have been obtained for the two buildings which have not identified any additional risks that are likely from a structural perspective from increasing the repair and maintenance liability for the additional 8 years. A redevelopment clause has also been negotiated to allow the Council to redevelop the blocks should any major issues arise which would mean a rebuild rather than repair was necessary

7. Asset Disposal Strategy

7.1 Following the original Interim Disposal Strategy approved by Cabinet in February 2021, further work and consultation has been undertaken in respect of the proposed asset sales which has led to the requirement to amend the previous lists by removing/adding properties and adjusting likely disposals dates. The impact of this has been positive with the aim to deliver more capital receipts at an earlier stage to help support the Improvement Plan.

7.2 The list of disposals for 2021/22 and amendments is detailed below with proposed disposals for 2022/23 onwards detailed in the Part B paper.

Status	Site	Current Position
Original Disposal	Glazier House, Birdhurst Road, South Croydon	SHW Instructed – on market with interest from various parties
Original Disposal	Heath Lodge, Grangewood Park, Thornton Heath	Progressing suggested sale by auction through Savills
Original Disposal	TAVR, Broadcoombe, Monks Hill	SHW instructed – temporary delay in marketing as being used as Covide centre
Original Disposal – to be removed	Edgecoombe, Monkshill	Following further planning advice which seriously restricts any development this has been removed from the programme at present
Original Disposal	2 Godstone Road, Kenley	SHW instructed and on market
Original Disposal	Drayton Road, Central Croydon (Old Town)	SHW instructed and on market
Original Disposal	Kempfield, Reedham Park Drive, Kenley	SHW instructed and on market
Original Disposal	Beulah Family Church annexe	Notice served and lease now terminated
Original Disposal	Former Buffer Bear site, New Addington	SHW instructed and on market

Original Disposal	Part Former CALAT Coulsdon, Malcolm Road and Barrie Close site (Coulsdon Community Centre)	Under further consideration regarding most appropriate disposal route
Original Disposal	Part Former CALAT Coulsdon – medical Centre	Terms agreed and disposal progressing subject to planning
Original Disposal	Garage Site, Windmill Road	Cabinet approved and sale progressing
Original Disposal	Peter Sylvester Centre, South Croydon	SHW instructed and on market with interest from various parties
Original Disposal	Goldcrest Youth Centre, New Addington	SHW instructed and on market
Original Disposal: Now delayed	Turnaround Centre/Cavendish House, South End Croydon	Disposal to be delayed following further discussions with the business – suggested 2022/23 or 2023/24
Original 2022/23 disposal brought forward	Fairfield Homes Development Site	Savills have concluded marketing and recommended purchaser
Included in Cabinet Paper but not on 2021/22 disposal list	Croydon Park Hotel	Savills have concluded marketing and recommended purchaser
New Lease Re-gear	Concord and Sycamore House, London Road	Lease variation and extension of term agreed in return for premium
New Disposal	Coulsdon Court Golf Club and Hotel	Sale of freehold subject to long leasehold interest agreed by Cabinet and in solicitors hands
New Disposal	Addington Court Golf Club	Parties interested in acquiring freehold subject to the long lease. SHW Instructed
New Disposal	Ashburton Lodge, Ashburton Park	Recently vacated lodge in poor condition. Recommended sale at auction through Savills

- 7.3 As identified through the Governance and Scrutiny reports there is a need to update the Asset Management Plan (AMP) for the Council. The original Plan was completed in 2011 and refreshed in 2014 through the Asset Strategy. A need to provide a new AMP is recognised and following some soft market testing it is proposed that One Consulting Group will be appointed to carry out the AMP and subsequent procurement of condition surveys to allow a forward repairs and maintenance plan to allow more accurate and detailed over the next 5-10 years
- 7.4 The AMP will include a review and update of the existing property related strategies and policies including the acquisition, disposal and investment strategies in line with the requirements of the Report in the Public Interest. The AMP will also look at a more integrated approach to the fire, health and safety, management and use of the corporate assets.
- 7.5 It is proposed that the draft AMP will be completed by the end of March 2022 and will then be brought to cabinet for formal approval

8 Asset Investment Summary

- 8.1 It is recognised that the performance of the Council's investment asset portfolio has not been formally reported through Cabinet and therefore it has been agreed that updates will be included as part of the Asset Disposals Strategy papers to Cabinet
- 8.2 The Council acquired 4 new assets for investment purposes under the former Investment Strategy during 2018/19. The funding for future purchases has now been withdrawn but these assets still deliver significant revenue income for the Council.
- 8.3 The Investment purchases have been impacted by the Brexit and the pandemic, most noticeably in respect of the Croydon Park Hotel which closed in June 2020 and the tenant went into administration. Given the substantial holding costs and works required to the hotel a decision has been made to dispose of this asset as detailed earlier in this report. The impact on the Colonnades has resulted in reduced rental income from some of the tenants over this period but all have been retained and following re-opening of all units the rental levels are now recovering. The two other assets at Vulcan Way and Imperial Way have continued to perform well throughout this period.
- 8.4 The table at Appendix B summarises the current position regarding the tenants status and rental levels for each of the sites for the Financial year 2020/21 and the expected position for 2021/22 as at August 2021 and shows the current return against the original predicted returns on purchase. The Asset Strategy required a target net return to the council of 2%.

9. CONSULTATION

- 9.1 No external consultation has been undertaken in connection with the disposals other than required where there is a proposal to dispose of public open space as in the case of Heath Lodge.

Full consultation has taken place with members and the Council's senior leadership team.

10. PRE-DECISION SCRUTINY

- 10.1 The proposed disposals have not been presented to Scrutiny. However, following comments made by Scrutiny following the call in of one of the proposed disposals included within the July Cabinet paper, Business cases have now been included as part of the Part B report

11. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

11.1 Revenue and Capital consequences of report recommendations

- 11.1.1 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.
- 11.1.2 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.
- 11.1.3 The capital expenditure incurred to release some of these corporate properties, relocate staff to existing accommodation and adaptations of existing properties is factored in the net capital receipts targets for the individual financial years in the table below. The running costs of these properties i.e. business rates, premises costs (cleaning, security, utilities etc) will be reduced, net of the loss of rental income streams is taken into consideration in the revenue savings in the table below.
- 11.1.4 The decision to dispose off 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 dependant on obtaining suitable planning consent.

11.2 Risks

- 11.2.1 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.

11.3 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

12. LEGAL CONSIDERATIONS

- 12.1 The Head of Commercial and Property Law comments on behalf of the Director of Law & Governance 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. 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).
- 12.2 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.
- 12.3 As set out earlier in the report, where land considered for disposal forms part of an open space before disposing of the land the Council needs to publicise the intention to do so for two consecutive weeks in a local newspaper circulating in the area in which the land is situated, and consider any objections to the proposed disposal which may be made.

Approved by, Interim Head of Commercial and Property Law on behalf of the Interim Director of Law and Governance & Deputy Monitoring Officer

13. HUMAN RESOURCES IMPACT

- 13.1 The proposed disposals do not have any direct impact on staffing levels, restructuring or recruitment as none are operational buildings.

Approved by: Jennifer Sankar Head of HR Place and Housing

14. EQUALITIES IMPACT

- 14.1. 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 sites comprise of vacant land or non-operational buildings and therefore the disposal will not have a direct impact individual's rights. The demolition of part of the former Fairfield car park (forming part of the College Green site) was undertaken several years ago and reduced the number of parking spaces within central Croydon. However, the remaining part is currently being recommissioned and will provide around 350 spaces including 22 dedicated for those with disabilities, thus offsetting the potential implication. Should aspirations for this space be realised it will mean new homes will be built that potentially benefit vulnerable residents which is likely to include residents who have a protected characteristic under the Equality Act 2010.
- 14.2 An equalities impact assessment has been undertaken for this asset disposal collectively, and the action being taken to offset the impact on affected protected groups is noted.

Approved by: Barbara Grant, on behalf of Gavin Handford, Director Policy & Partnerships

15 ENVIRONMENTAL IMPACT

- 15.1 The proposed strategy does 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. In many cases the sale of redundant buildings and land will lead to new development that will enhance the local areas and lead to improved building and energy efficiency.

16 CRIME AND DISORDER REDUCTION IMPACT

- 16.1 The disposal of vacant sites and redundant buildings will help to reduce antisocial behavior and crime around the sites as the buildings and sites will either be re-used or redeveloped.

17 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 17.1 The disposals and recommendations within this report will help the Council to deliver a considered and transparent disposal and asset management strategy process that is undertaken in line with strict governance requirements
- 17.2 The proposed disposals will help deliver a significant capital receipt and ongoing revenue savings. The process adopted will ensure that best consideration is achieved through the marketing and negotiation approach and disposals are achieved in a timely manner. to help meet the requirements set out in the MTFs.

18 OPTIONS CONSIDERED AND REJECTED

- 18.1 The asset disposals are in line with the Interim Disposal Strategy and given the need to meet the requirements of the MTF5 the proposed asset disposals are considered to be a reasonable approach to achieving capital receipts from surplus or non-operational properties.
- 18.2 Consideration has been given in each case to alternative uses or disposal mechanisms. Having gone through this process, the options proposed for the disposals is considered to be the most suitable and therefore the disposals are recommended.
- 18.3 The updating and adoption of a new Asset Management Plan will allow a more integrated approach to the use of the Council's assets from a service use and financial perspective and the provision of a more robust understanding of the current condition of our key operational assets will help ensure a more reliable budgeting and repairs programme moving forward.

19.1 DATA PROTECTION IMPLICATIONS

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

NO

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

NO

Approved by: Steve Wingrave Interim Head of Estates, Asset Management and FM

CONTACT OFFICER:	Steve Wingrave Interim Head of Estates, Asset Management and FM, ext 61512.
APPENDICES TO THIS REPORT:	Appendix A Heath Lodge Representations Appendix B Investment Asset Performance
BACKGROUND DOCUMENTS:	None