

REPORT TO:	SCRUTINY AND OVERVIEW COMMITTEE 4 September 2018
SUBJECT:	CALL IN: Acquisition of the Freehold interest in the Croydon Park Hotel as a commercial investment
LEAD OFFICER:	Stephen Rowan, Head of Democratic Services and Scrutiny
CABINET MEMBERS:	Councillor Simon Hall, Cabinet Member for Finance and Resources

ORIGIN OF ITEM:	This item has been triggered by the call-in of the decision by the Leader on 22 August 2018 on the Acquisition of the Freehold interest in the Croydon Park Hotel by 16 members of the Council.
BRIEF FOR THE COMMITTEE:	To consider and respond to the Call-In in accordance with the procedure set out in the Council's constitution (set out in paragraph 2.3 below).

1. Executive Summary

1.1 The decision taken on the Acquisition of the Freehold interest of the Croydon Park Hotel as a commercial investment by the Leader in the absence of the Cabinet Member for Finance and Resources on 22 August 2018 has been called-in by 16 members of the Council. The decision by the Leader using his power to make Executive Decisions following the 16 July 2018 meeting of the Cabinet.

1.2 Attached to this report are:

- **Appendix A** is the Decision Report
- **Appendix C** is the completed call in form that was received by the Monitoring Officer (signatures have been redacted).
- **Additional Information** requested as part of the Call-In.

In addition a supplementary confidential report is also provided, which includes **Appendix B** the Part B Decision Report and Part B Additional Information.

2. Call-In – Acquisition of the Freehold interest of Croydon Park Hotel as a commercial Investment

2.1 The decision taken by the Leader, that is the subject of this call-in, was as follows:

The Leader **RESOLVED** :

- 1.1 *That the Leader agrees that the Council submit an initial bid and if successful purchases the freehold interest in the Croydon Park Hotel on the terms detailed in the associated Part B report.*
 - 1.2 *Agrees that, for the reasons detailed in paragraph 3.10 of the report, the Executive Director (Resources) and s151 Officer be given delegated authority, acting in consultation with the Leader or the Cabinet Member for Finance and Resources, to make any amendments to the terms of the acquisition of the freehold interest considered necessary after the decision has been made.*
 - 1.3 *Note that where any significant amendments are made under this delegation, the amended terms for the acquisition of the freehold interest for the Croydon Park Hotel will be published on the Councils' website within 1 month of completion of the completion of the lease.*
- 2.2 The call-in pro-forma is attached at Appendix C. The decision form was received on 30 August 2018 from Councillor Robert Ward and was signed by the following Councillors: Gareth Streeter, Sue Bennett, Mario Creatura, Richard Chatterjee, Jason Cummings, Scott Roche, Michael Neal, Helen Redfern, Stuart Millson, Margaret Bird, Vidhi Mohan, Tim Pollard, Lynne Hale, Hellen Pollard and Yvette Hopley.

The reasons stated for the Call-In are that:

- i) The decision is outside the policy framework;
- ii) The decision is inconsistent with the budget;
- iii) The decision is inconsistent with another council policy; and
- iv) Other:-

“The decision is not open and transparent. There has been no opportunity for questions to be raised by back bench Councillors and the public to verify compliance with policies and the budget, and that the purchase is a sound investment. ”

The outcomes desired from the Call-In are stated as:

“That the decision is delayed until there has been adequate Scrutiny to ensure that the decision is within Policy Framework, consistent with the budget and with other Council policies and is a sound investment of public money.”

The request for additional information to assist the Scrutiny and Overview Committee when considering the referral is:

“Historical transactions related to the site, recent sales or transfers of ownership of the site or the tenants' business, the financial performance of the tenant.

Economic analysis of the Council's bid (structure of bid, borrowing costs, projected returns, risk mitigation measure).

Details of future development options that have been considered.

Assessment of likely competitors for the purchase

Timings of the sales process.”

2.3 Call-In Procedure

The Council's Constitution, Part 4E Scrutiny & Overview Procedure Rule, states:

- “11.08 The referral shall be considered at the next scheduled meeting of the Scrutiny and Overview Committee unless, in the view of the Borough Solicitor, this would cause undue delay. In such cases the Borough Solicitor, will consult with the decision-taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny and Overview Committee may only consider a maximum of three referrals at any one meeting.*
- 11.09 At the meeting, the referral will be considered by the Committee which shall determine how much time it will give to the call-in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the Cabinet for reconsideration, setting out in writing the nature of the concerns. The Cabinet shall then reconsider the decision, amending the decision or not, before making a final decision.*
- 11.10 The Scrutiny and Overview Committee may refer the decision to the Council if it considers that the decision taken by the Leader or Cabinet is outside the Budget and Policy Framework of the Council. The Council may decide to take no further action in which case the decision may be implemented. If the Council objects to Cabinet's decision it can nullify the decision if it is outside the Policy Framework and/or inconsistent with the Budget.*
- 11.11 If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.*
- 11.12 If the Council determines that the decision was within the Policy Framework and consistent with the Budget, it will refer any decision to which it objects, together with its views on the decision, to the Cabinet. The Cabinet shall choose whether to either, amend, withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet after the referral from the Council.*
- 11.13 The responses of the decision-taker and the Council shall be notified to all Members of the Scrutiny and Overview Committee once the Cabinet or Council has considered the matter and made a determination.*
- 11.14 If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 11.08 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.”*

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APPENDIX A: Decision Report 16 July 2018

APPENDIX C: Call in pro-forma

BACKGROUND DOCUMENTS: None