

Mayor and Cabinet			
Report Title	Catford Regeneration Partnership Limited – 2019/2020 Business Plan		
Key Decision	Yes	Item No.	
Ward	All		
Contributors	SGM Capital Programmes		
Class	Part 1	Date	27 March 2019

1. SUMMARY

- 1.1 The Catford Regeneration Partnership Limited (CRPL) is a wholly owned company of Lewisham Council. The company was originally created in January 2010 to purchase the leasehold interests in and around the Catford Centre in order to manage and regenerate the assets to improve the economic, social and environmental wellbeing of the people of the London Borough of Lewisham.
- 1.2 This report presents the company's 2019/20 Business Plan. The plan continues to set the scene about the need to broaden the business activities to provide a more resilient base, support wider regeneration in Catford and the surrounding area and provide wider investment opportunities for CRPL going forward.

2. PURPOSE OF THE REPORT

- 2.1 To seek Mayor and Cabinet approval of the 2019/20 Business Plan and budget for the Catford Regeneration Partnership Limited in accordance with the Company's Shareholder Reserved Matters and to seek their referral to full Council to endorse.

3. RECOMMENDATIONS

Mayor and Cabinet is asked to:

- 3.1 approve the contents of the 2019/20 Business Plan for the Catford Regeneration Partnership Limited (CRPL);
- 3.2 approve the proposed budget to deliver the above Business Plan;
- 3.3 refer the Business Plan and budget to the next available full Council meeting for full Council to endorse.
- 3.4 consider any recommendations made by the Constitution Working Party on March 20 regarding Directors of the Company.

4. POLICY CONTEXT AND BACKGROUND

- 4.1 This report is in alignment with the Council's new corporate priorities of open Lewisham; tackling the housing crisis; building an inclusive local economy; making Lewisham greener and; building safer communities. Lewisham's Strategic Asset Management Plan sets out the approach to using assets effectively in order to achieve the Council's objective of making Lewisham the best place in London to live, work and learn. It suggests a proactive approach for the use of the Council's assets as they have a key role to play in supporting the borough's regeneration aims.
- 4.2 The content of this report also supports the aims of Lewisham's regeneration strategy of 'people, prosperity and place'. This links the Council's corporate strategy to the development and regeneration of Lewisham's communities, the local economy and the built environment.
- 4.3 The CRPL was set up in January 2010 following Council approval. The company was tasked with the following activities:
- To continue the effective management of the Catford Centre, ensuring that the operational management standards remain high and that the full commercial potential of the centre is being realised through letting and renewal strategies.
 - To enable the redevelopment of the Catford Centre by working with Lewisham Council to undertake a regeneration process and reach a commercial agreement with key stakeholders in the town centre, in order to contribute to the regeneration aims for the town centre as a whole.
- 4.4 At the company's inception, the Articles of Association were agreed. These detail how and when the company must interact with its shareholders. In this case it is Lewisham Council, which is the sole shareholder.
- 4.5 Operational responsibility for the company is given to the Lewisham Council nominated company Directors.
- 4.6 The company is required to submit a business plan for approval by the Council as shareholder for each financial year, in this case, for 2019/20.

5. SUMMARY CURRENT POSITION AND 2019/20 BUSINESS PLAN

- 5.1 Since the acquisition of the Catford Centre in February 2010, CRPL has been working on operational management issues to ensure that the centre is fit for purpose, meets quality standards, and that rent is collected in a timely manner. The company Directors have ensured that all health and safety standards continue to be complied with and a significant amount of major repair works have continued to be carried to maintain and or improve the value of the assets.
- 5.2 In line with the plans presented in previous financial years, CRPL has continued to develop an effective and efficient management approach for the operation of the assets through a team of professional advisors, including an in house surveyor from the Council's Operational Asset Management team, officers from the Council's Capital Programme Delivery team and external agents that oversee daily management of the assets and report to the Directors of the CRPL.

- 5.3 The 2018-2019 Business Plan year was a very busy year for CRPL with the facilitation of a number of development projects including proposals for the redevelopment of 17-18 Catford Broadway into 2 commercial units and 5 residential 1 bed flats as well as commencing work on proposals for a scheme for the Catford Constitutional Club site. At the start of the year the vacancy rate stood at circa 30% (that is 70% let) and was costing the company a substantial amount in respect of void costs. The process of the development of the Catford Regeneration Masterplan has created a greater degree of certainty around the length of lease for relets and new lettings. This, together with the flexible approach of the Company has enabled some major strides to be made in for example re-letting 32 Winslade Way as the Boroughs first multi-screen cinema. There are also a number of units let or put under agreement to lease including the Brookdale Club leaving only 17 and 18 Catford Broadway (representing 2.5% void), which is intentionally vacant pending its substantial redevelopment.
- 5.4 The Company also successfully retendered the various professional support services contracts for the management of the centre. This has resulted in the appointment of Workman LLP (Managing Agents) and Aston Rose (Landlord & Tenants and Letting Agency) on 3 and 5 year contracts respectively.
- 5.5 During 2018, the Company received approval from Mayor & Cabinet to draw down a further loan amount in the form of working capital to facilitate the redevelopment of numbers 17 & 18 Catford Broadway as well as early development of proposals for the Catford Constitution Club. Delays in design and procurement of the works has meant that a full drawdown of the loan amount has not been achieved. This is expected to be achieved in 2019/20.
- 5.6 Overall, the Company made a small surplus of approximately £10k during 2018/19. This was as a result of less rental income, higher than expected void costs and higher professional fees due to the number relets secured.
- 5.7 The Company continues to take the best interim commercial view of all assets management activity and fully assess actions and risks on the basis of the best information available at that time with regards the timing of the regeneration programme and vacant possession of assets required as a consequence. For the time being all new lettings and renewals that fall within the development scheme are being renewed to 2023 excluded from the Landlord and Tenant Act 1954. This timeframe means that the centre remains reasonably attractive to a wider range of retailers and is realistic in terms of the expected timescales for redevelopment.
- 5.8 The focus of the 2019/20 business plan will therefore be to build on the early strides in the area of asset development and the use of the development loan facility to make the Company more financially resilient until the wider regeneration programme takes effect. As part of this approach, proposals have been developed for the mixed use redevelopment of 17 - 18 Catford Broadway. The scope is to refurbish and extend the existing two terrace houses to provide 2 shops and 5 one-bed flats. The flats will be let through the Council's Private Sector Letting team at London Living Rent levels.
- 5.9 More generally, as the Catford Regeneration Programme continues to gain momentum during 2019/20, with the development of a Masterplan, it will become necessary for CRPL's Shareholder Reserved Matters to be reviewed to reflect the role the Company is likely to play in the regeneration effort. In this case, any suggested amendments will be brought to Full Council for approval.

- 5.10 Officers are aware that the Constitution Working Party will consider the structure and governance arrangements of CRPL, in particular, the number of Company Directors at its meeting on 20th March. The outcome of that meeting will be the subject of a separate report to Mayor and Cabinet and then Council at the soonest opportunity.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications are included in the Business Plan for 2019/20 which is attached at Appendix 1.

7. LEGAL IMPLICATIONS

- 7.1 The legal implications are included in the Business Plan 2019/20 which is attached at Appendix 1.

8. EQUALITY IMPLICATIONS

- 8.1 There are no immediate equalities implications directly arising from this report or the associated business plan which is attached at Appendix 1. Any equality implications for the future regeneration programme will be considered at the appropriate time as Catford undergoes its redevelopment.

Appendices:

Appendix 1 – CRPL 2019 - 20 Business Plan

For further information please contact Kplom Lotsu, SGM Capital Programmes on 0208 3149283