

**KEY DECISION\***

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**Council**

**Catford Regeneration Partnership Limited (CRPL)  
Business Plan 2020-2023**

**Date:** 29<sup>th</sup> September 2021

**Key decision:** Yes

**Class:** Part 1.

**Ward(s) affected:** Rushey Green/ Catford South

**Contributors:** Director of Inclusive Regeneration; Director of Law, Governance & Elections; Director of Corporate Services; Head of Capital Programmes.

**Outline and recommendations**

Outline and recommendations:

This report introduces the Catford Regeneration Partnership Limited's Business Plan for 2020 – 2023. The Business Plan has been structured around delivery of the Corporate Plan 2019/22.

Recommendation: That Council endorse the attached Catford Regeneration Partnership Limited (CRPL) Business Plan for 2020-23

**Timeline of engagement and decision-making**

- Business Plan approved by CRPL Board – June 2021
- Business Plan approved by Mayor and Cabinet – July 2021

## **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. The report gives background to the development of CRPL's Business Plan for 2020 - 23 and the key information and implications. It sets a 3-year business plan with annual reviews to be reported to Mayor and Cabinet in the usual way.
- 1.3. 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 whilst also responding to the challenges posed by Covid-19.
- 1.4. The submission of the full Business Plan, which is attached as an appendix to this report, was delayed in 2020 because of the impact of Covid-19.

## **2. Recommendations**

That Council:

- 2.1 endorse the 2020 - 23 Business Plan for the Catford Regeneration Partnership Limited (CRPL);
- 2.2 note the proposed budget to deliver the above business plan and that an annual update will be provided to Mayor and Cabinet in line with the Company's Articles of Association;

## **3. Policy Context**

- 3.1 The Council's Local Development Framework sets the vision, objectives, strategy and policies that will guide development and regeneration in the borough to 2025 and together with the Mayor of London's 'London Plan', forms the statutory development plan for the Borough. It anticipates major change and includes a focus on Catford Town Centre as a major development opportunity. The London Plan reinforces this view by identifying Catford as having potential for significant urban renewal.
- 3.2 The content of this report is consistent with the Council's policy framework, namely the Corporate Strategy 2018-2022:

Meeting the Council's Resources and Regeneration Strategy in which the Council commits to the following key objectives:

  - Planning (guiding the future development and use of land across the borough).
  - Regeneration and Place (shaping the physical transformation of the borough).
  - Strategy (including economy and partnerships, and communication).
- 3.3 The Local Authority has a duty to ensure the long-term growth of its town centres is planned and managed, to ensure that viable and vital functions of its town centres are integrated as part of a sustainable development strategy.
- 3.4 CRPL's core objectives accords with the above. Alongside all the above, CRPL has been impacted by the Covid-19 pandemic and the fundamental disruption that has taken place to normal cycles of resident and business life. Several businesses in Catford Town Centre have closed and footfall is struggling. This adds immediate pressure to the need to ensure CRPL continues as a going concern, which underpins the wider regeneration of the Town Centre.

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## **4. Background**

- 4.1. The CRPL was set up in January 2010 following Council approval. The company was tasked with the following core 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.
- 4.2. 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.
- 4.3. Operational responsibility for the company is given to Lewisham Council nominated company Directors of which there were three – Ralph Wilkinson (Director of Public Services); Selwyn Thompson (Director of Financial Services) and Cllr Eva Stamirowski (Councillor for Catford South). Ralph Wilkinson recently retired from the Council in July and Selwyn Thompson is due to leave the Council's employ at the end of September. A process will be put in place to appoint two new Directors. Approval on the nominees will be sought from Mayor and Cabinet and then Full Council in due course.
- 4.4. The company is required to submit a business plan for approval by the Council as shareholder. The attached Business Plan which covers a 3-year period from 2020-23, has been designed to enable the company to stabilise its cash flow and to deal with the impact of Covid-19 more effectively, as well as continuing to meet the requirements of its original objectives.

## **5. Catford Regeneration Partnership Limited Business Plan 2020-23**

- 5.1. The proposed business plan is appended and consists of the following broad sections:
  - Introduction, structure and governance
  - Objectives for 2020 – 2023
  - Activities
  - Financial Review 2019/2020
  - Operational Review 2019/2020
  - Operational Pre-view 2020/2023
  - Financial Pre-view 2020/2023
- 5.2. The objectives have been designed not only to reflect the Council's current corporate strategy framework but the particular needs of the company in the current, highly complex and dynamic environment caused by the Covid-19 pandemic. It also aligns with the current stage of the Council's ambition of develop a Town Centre Framework in order to bring forward the regeneration of the Town Centre.
- 5.3. The financial and operational review sections look back at CRPL's activities over the course of the 2019/2020 financial year. It shows that the company had an outturn deficit of £241k due to overspends in running costs and loan repayments. It also shows that 2019/20 was a very busy year for CRPL, with highlights including significant progress with the redevelopment of 17-18 Catford Broadway into 2 commercial units and 5

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residential 1 bed flats and the opening of the Borough's first multi-screen cinema at 32 Winslade Way.

- 5.4. The operational and financial preview section for 2020-2023 have been set in the context of the Covid-19 pandemic which has and continues to significantly impact CRPL's operations. The nature and mix of units within the shopping centre comprising largely of small to medium sized units of varying use types including retail and leisure has meant that the impact of the pandemic has been quite severe particularly on the leisure operations within the centre and some tenants have unsurprisingly struggled to meet their rent and service charge commitments.
- 5.5. Despite the ongoing impact, businesses have remained resilient and voids have been kept to a minimum through a combination of support from CRPL and the Council at large. The Government moratorium on bailiff and forfeiture action until March 2022 has also meant that CRPL cannot take any action to collect debt owed. All of this is likely to impact on the security of income from the portfolio over the Business Plan period.
- 5.6. CRPL has not been able to access any external business support due to nature of the business. It has therefore taken a further step to safeguard its income and continue to support the vitality of the shopping centre over the course of this Business Plan period by seeking a deferral of interest payments on its loan agreement with the Council.
- 5.7. In light of all of the above, CRPL's activities over the course of last year and this year is focussed on laying the foundations for stronger commercial activity in the town centre, through support for businesses during the pandemic; investment in 17-18 Broadway and continuing to progress plans for the Catford Constitution Club (CCC) – all factors which are set to ensure a more positive financial performance for CRPL in 22/23 and reinforcing the role that company plays in the wider regeneration of Catford.

## 6. Financial Implications:

- 6.1. The full financial implications are included in the attached Business Plan (Appendix 1) which sets out a cashflow profile for the company for the next 3 years.
  - 6.2. The Business Plan shows that overall, the company budgeted for a small deficit of £75k for the 2019/20 financial year but the actual outturn was a much larger deficit of £241k due to overspends within running costs and loan repayments. The level of deficit is likely to continue through 2020-2022 with a surplus position projected for 2023.
  - 6.3. The Covid-19 pandemic has also meant that the past year, 2020/21 has undoubtedly been extremely difficult for all of the retailers in the CRPL portfolio, many of whom are small independent businesses who have not been able to trade. As noted in section 5 above, rent and service charge collections have been impacted putting further strain on the company's resources.
  - 6.4. Rent deferrals and payment plans have been agreed with a number of the retailers to try to stabilise the cashflow of the company over the next few years. These alone are unlikely to fully support the financial standing of the company over the course of the delivery of this Business Plan. The company has therefore agreed a 3-year loan and interest payment holiday with the Council as a further step to help stabilise its cashflow position over the duration of this Business Plan.
- 6.5. The table below sets out the summary cashflow over the next 3 years.

### *CRPL – 3-Year Cashflow Summary*

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	2020-21	2021-22	2022-23
Income	£2,278,165	£1,188,500	£1,216,500
Expenditure	£2,379,950	£1,460,000	£977,000
<b>Profit(cr)/ Loss</b>	<b>£101,785 dr</b>	<b>£271,500 dr</b>	<b>£239,500 cr</b>

\* The 2020/21 income and expenditure includes the development finances for 17/18 Catford Broadway.

## 7. Legal Implications:

- 7.1. The approval of the Business Plan for CRPL is a shareholder reserved matter and therefore it is required to be approved by Mayor & Cabinet and is then reported to Council for endorsement. Other legal implications are included in the Business Plan which is attached at Appendix 1.

## 8. Equalities 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.

## 9. Climate change and environmental implications:

- 9.1. Several tasks within the business plan actively support Lewisham Council's aim of becoming carbon neutral by 2030.

## 10. Crime and disorder implications

- 10.1. None specific to this report.

## 11. Health and wellbeing implications

- 11.1. Several tasks within the business plan actively and positively address the health, safety and wellbeing of Lewisham Homes' staff.

## 12. Background papers

- 12.1. None

## 13. Report author and contact

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14. Comments for and on behalf of the Executive Director for Corporate Resources

14.1. Peter Allery – Group Finance Manager

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15. Comments for and on behalf of the Director of Law, Governance and HR

15.1. Katherine Kazantzis – Principal Lawyer

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