

**Appendix C
Questions During Debates
2 November 2015**

**LONDON BOROUGH OF SUTTON
COUNCIL MEETING: 2 NOVEMBER 2015
QUESTIONS: STANDING ORDER 8.1
QUESTIONS DURING DEBATES**

1. Question asked by Councillor Tim Crowley to Councillor Simon Wales, Lead for Finance and Voluntary Sector

Can the lead member confirm whether or not a Memorandum of Understanding has been signed between the council and Ecolocal Ltd or any of its partners in relation to the Sale of the Lodge in Carshalton?

Reply by Councillor Simon Wales, Lead for Finance and Voluntary Sector

Thank you Mr Mayor. I can confirm that the Council has not signed a Memorandum of Understanding with Ecolocal or any of its partners for the proposed redevelopment of the Lodge.

The Council has negotiated, however, a set of Heads of Terms for a lease between the Council and Ecolocal for the proposed redevelopment. These were presented to the Strategy & Resources Committee on 28th September this year for agreement. Approval at this Council meeting of the requisitioned Strategy and Resources report will confirm the Heads of Terms as the only agreement so far between the Council and Ecolocal for the project.

Supplementary question asked by Councillor Tim Crowley

I thank Councillor Wales for his response. Is the Councillor confident that if any FOI request were to be put in about discussions between Ecolocal and the Council that there would be no record of any discussion about having to recompense Ecolocal for their work that they'd done up to this point if this scheme was then discounted?

Reply by Councillor Wales

Thank you Councillor Crowley. Yes, but your question was about signing agreements, not about discussions and the council will not be in a position of recompensing Ecolocal, no.

Supplementary question asked by Councillor Neil Garratt

Councillor Wales just said that there is no further agreement at this stage, it's just a Heads of Terms. Can I clarify whether once the Heads of Terms are agreed, whether there will be a further decision for members or whether it now

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would be a delegated officer decision to complete the sale, or lease I should say?

Reply by Councillor Wales

The Heads of Terms sets out the framework for the lease to be negotiated which can be done under delegated powers by the Director of Resources. However, if the lease is too far, or if the negotiations take it too far away from the Heads of Terms agreement then the director will bring that back for members for a decision. If it's close enough to the Heads of Terms, that the director is confident he can take it under delegated powers, he will. If it strays too far from that then it will come back for members.

2. Question asked by Councillor Neil Garratt to Councillor Simon Wales, Lead for Finance and Voluntary Sector

When the Strategy & Resources Committee voted to agree heads of terms with EcoLocal for the sale of The Lodge, what evidence did the administration have that EcoLocal has 1) the financial strength to handle the risk of such a large project in an important historic building, 2) the expertise to tackle a renovation of a major historic building, and 3) the experience of delivering similar projects?

Reply by Councillor Simon Wales, Lead for Finance and Voluntary Sector

Ecolocal have advised that they are planning to use a combination of their own resources and a bank loan to fund the proposed works at the Lodge. The business case prepared by Ecolocal demonstrated how much the project would cost and how it would be funded. It also showed how the bank loan would be repaid. The Council has been advised of discussions Ecolocal has held with potential funders and has no cause to doubt their ability to raise the necessary funds. Having said this, the Council will adopt the stance it always takes in such developments to ensure that its interests in the building are protected.

And these include a) not entering into the proposed 125-year lease until the works to provide the residential units and community spaces are completed and b) entering into a building agreement with Ecolocal when they are given access to the building that is contingent on the loan funding being in place.

The expertise Ecolocal need to undertake the redevelopment of the Lodge is to be a competent and intelligent Client. Over the last two years that Ecolocal have spent in developing their proposals for the Lodge, the Council has been impressed by the professional approach that they have taken. They have commissioned and used all the necessary experts for building design, finance and legal advice. They have undertaken detailed surveys of the building and

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carried out all the necessary due diligence that an informed Client should carry out. They have carried out the necessary market research and have produced a credible business plan. There is therefore every reason to believe that Ecolocal is a competent client and should be able to deliver the project as planned.

Supplementary question asked by Councillor Neil Garratt

I mean that sounds like a bit of a sales pitch for Ecolocal if I'm honest. I mean, just to clarify, they haven't ever done anything like this before, is that correct? By this, I mean any development or historic building development.

Reply by Councillor Wales

To the best of my knowledge that they haven't, but as I said they do not need to have done so in the past to be able to do so now.

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