

Cabinet Supplementary Agenda



5. Ongoing Review of Brick by Brick Croydon Ltd and the future of the company (Pages 3 - 4)

Cabinet Member: Leader of the Council, Councillor Hamida Ali
Officer: Interim Chief Executive, Katherine Kerswell and Interim Director of Finance, Investment & Risk and Section 151 Officer, Chris Buss
Key decision: yes

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Agenda Item 5

REPORT TO:	Cabinet 12 July 2021
SUBJECT:	Feedback from the Scrutiny & Overview Committee review Ongoing Review of Brick by Brick Croydon Ltd and the future of the company of
REPORT LEAD:	Councillor Sean Fitzsimons Chair of the Scrutiny & Overview Committee
CABINET MEMBER:	Councillor Hamida Ali Leader of the Council

1. FEEDBACK FROM THE SCRUTINY & OVERVIEW COMMITTEE – 6 JULY 2021

- 1.1. At the Scrutiny & Overview Committee held on 6 July 2021, the Committee had the opportunity to review the 'Ongoing Review of Brick by Brick Croydon Ltd and the future of the company' report, which is included on the Cabinet agenda for 12 July for decision. Prior to the meeting, on 5 July, the Committee was provided with a briefing on the background to the report from the Council's Section 151 Officer.
- 1.2. From the discussion held by the Committee, it was agreed that the following feedback would be submitted to the Cabinet, to take account of during its consideration of the report.
- 1.3. In formulating its approach to the report, the Committee focussed on three key areas, namely officer confidence in the valuations provided, an evaluation of the risks to the Council presented by the two options outlined and whether there were any alternate options that needed further exploration. The Committee questioned both the Leader of the Council and the Section 151 Officer extensively on these three area, in order to gain reassurance that they had been given appropriate consideration.
- 1.4. Regarding the valuations provided in the report, the Committee was satisfied by the explanation given by the Section 151 Officer on the method used to calculate the valuations, which had taken into account the latest data from the local property market. As such, it could be reasonably assumed that the figures provided were a reasonable estimation of potential values, barring any major, unforeseen change in the market.
- 1.5. Having reviewed the risks associated with both the build out and sale options, the Committee recognised that the recommended build out option did present a greater risk to the Council than selling Brick by Brick to a third party. However, it was recognised that the potential financial return to the Council from the build out option was significantly better than the return from the sale option.
- 1.6. The Committee received reassurance that a third party would be contracted to provide technical and management support to Brick by Brick to complete the build out on the 23 identified sites. It was also reassuring to learn that council officers would be receiving monthly reports on the progress made with the build out, together with a quarterly report to Cabinet and an expectation that the Council would be

notified immediately of any significant changes impacting delivery by Brick by Brick. As this mitigation had been put in place to manage the risks of the build out option, the Committee concluded that it would be reasonable for the Council to pursue this option, as it presented the best opportunity to maximise the return for council tax payers.

- 1.7. Regarding other options considered, the Committee did question whether consideration had been given to retaining the six sites proposed for sale, for development as social housing by the Housing Revenue Account. It was explained to the Committee that given the Council needed to raise funds to repay its debt, the sales option had been recommended. If the sites were retained for development, it would take a number of years for this to be completed and it was unlikely the sites would meet the new principle agreed for the HRA in February 2021, which was to only proceed with acquiring new housing if the potential return was greater than the estimated expenditure.
- 1.8. Although it was accepted by the Committee that five of the six sites should be sold, it was agreed that the sale of the Belgrave and Grosvenor site should be placed on hold pending the completion of the stock survey being undertaken in adjoining council buildings, as this would keep options open for the sale of a wider redevelopment site.
- 1.9. In conclusion, having questioned the Leader and the Section 151 Officer, the Committee agreed that it was broadly supportive of the recommendations set out in the report, but would ask the Cabinet to give further consideration to pausing the sale of the Belgrave and Grosvenor site until the completion of the stock survey.
- 1.10. The Committee would also like to have a briefing on the monthly reporting to be provided by Brick by Brick, to gain reassurance that the risks involved in the delivery of the sites were being adequately reported.
- 1.11. Finally the Committee would like highlight its appreciation for the quality of the report provided. Although it was a technical subject, it was agreed the report was both clear and informative in setting out the grounds for the recommendation.

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