

For General Release

REPORT TO:	CABINET 21st March 2022
SUBJECT:	Quarterly update on progress of performance for Brick by Brick Croydon Ltd.
LEAD OFFICER:	Katherine Kerswell – Chief Executive Officer Jane West - Corporate Director of Resources and Section 151 Officer
CABINET MEMBER:	Councillor Hamida Ali - Leader of the Council
CORPORATE PRIORITY/POLICY CONTEXT Delivery of the Croydon Renewal plan, to minimise the financial impact to the Council of Brick by Brick Croydon Ltd and to report on progress on delivery of actions previously identified.	
FINANCIAL IMPACT This report provides a progress update on Brick by Brick Croydon Limited	
FORWARD PLAN KEY DECISION REFERENCE NO.: None, the report is an update only with no decisions.	

1. CABINET RECOMMENDATIONS

Cabinet is asked to note the following key areas (acting, where relevant, on behalf of the Council exercising its functions as sole shareholder of Brick by Brick Croydon Ltd) to:

- 1.1 The Brick by Brick Shareholder Cabinet Advisory Board has met on a number of occasions with representatives of the Board since the last update in November 2021.
- 1.2 To note that Brick by Brick Croydon Ltd has not needed to call upon the additional £10m working capital facility that was requested within July 2021 Cabinet Report.

2. EXECUTIVE SUMMARY

- 2.1 The purpose of this report is to provide Cabinet with a progress update on Brick By Brick Croydon Ltd (BBB).
- 2.2 The key areas of update this report details are:

- 2.2.1 Progress on disposal of 6 Sites.
- 2.2.2 Progress on delivery of the 23 sites
- 2.2.3 Update on sales generally
- 2.2.4 Update on the Council's acquisition of 104 residential units from Brick by Brick and bulk sales to other registered providers.

2.3 It is further noted that there have been a number of structural changes within the operation of the company during the period from the last report, not least with the successful process on the appointment of new Non-Executive Directors.

3. Disposal of 6 Sites

Five of the six current sites are currently on the market with the sales process anticipated to be effected in the coming months. The Belgrave and Grosvenor site is being considered by the Council to revert to its ownership.

In the monthly shareholder and lender reports Brick By Brick has reported good progress for this process.

4. Progress update on delivery of 23 sites and general sales

4.1 Brick by Brick continues to make effective progress on delivering their schemes, 21 of the 23 sites have or are close to practical completion.

4.2 Brick By Brick is now in detailed discussions with main contractors on Final Accounts for these developments, a positive step in concluding these developments.

4.3 Despite the wider issues facing the construction market in summer/autumn on the price of core construction materials and sourcing and availability of products, there has been no material effect on the delivery of these sites by the main contractors.

4.4 Of the two sites that will run into the next financial year, Kindred House and Lion Green Road, progress remains good, with the un-wrapping of Kindred House and removal of external scaffolding currently underway.

4.5 Of the 128 units in Kindred House, 60 units were launched for sale in February, prior to practical completion.

4.6 Since the last report, of the units BBB had, 193 of 355 homes had completed sales/occupation. Since then a further 44 have sold with now only 25 being available, the reminder now being reserved.

4.7 The company remains projected to deliver 752 residential units, 337 being expected to be affordable homes.

5. Council's acquisition of 104 units from Brick by Brick and 'bulk sales' progress.

- 5.1 Exchange for these 104 homes took place on 4th March with completion anticipated for all but six of these homes before the end of March 2022.
- 5.2 In addition to this there are another 61 units being purchased by a private Registered Provider, securing these affordable homes within the borough for anticipated occupation during March and April 2022.

6. Financial Update

- 6.1 It is important to note that whilst in the May Cabinet report Cabinet approved that the Council enter into an additional £10m working capital loan facility, that facility has not been entered into as Brick by Brick have felt comfortable managing their cash position from existing receipts.
- 6.2 The Council has been receiving monthly financial information from Brick by Brick as required under the Revised Loan Agreement and in order for the company to fulfil its duties to the shareholder function; progress on the finances are presented to the Brick by Brick Shareholder Cabinet Advisory Board on a monthly basis.
- 6.3 The financial position remains stable for the current time with nothing adverse to report from the loan agreements, being on track with the business plan at the end of the current financial period, with sufficient working capital remaining within the company to complete the final two sites.

7. CONSULTATION

- 7.1 No formal consultation has been made on this report, other than factual accuracy checks with external third parties including with the Directors of Brick by Brick.

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 8.1 There are no direct costs associated with this report. However, as previously indicated, in the event that not all debt held with Brick by Brick is paid off the Council will need to carry that debt for a period of 40 years and pay for it using the Minimum Revenue Provision. This will be an opportunity cost for the revenue budget as revenue resources will be used to pay down the debt rather than used for services.

9. LEGAL CONSIDERATIONS

The Interim Head of Commercial and Property Law comments on behalf of the Interim Director of Law & Governance that the contents of this report are for Cabinet to note, no decisions are requested from Cabinet.

10. HUMAN RESOURCES IMPACT

- 10.1 There are no immediate HR considerations in this report for Council employees or staff. If any should arise these will be managed under the Council's policies and procedures.

Approved by Gillian Bevan, Head of HR Resources, on behalf of the Director of Human Resources

11. EQUALITIES IMPACT

11.1 There are no equalities impacts arising from this report. However, the implications of the issues raised and how they are addressed may have an effect on the medium term financial plan. Any subsequent savings plans that have a staffing impact or impact on vulnerable and/or groups that share a protected characteristic will be subject to agreed HR procedures, formal consultation and equality analysis.

12. ENVIRONMENTAL IMPACT

12.1 There are no environmental impacts arising from this report

13. CRIME AND DISORDER REDUCTION IMPACT

13.1 There are no Crime and disorder reduction impacts arising from this report

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

14.1 There are no decisions being made by this report.

15. OPTIONS CONSIDERED AND REJECTED

15.1 There are no decisions being made by this report, thus no alternatives are being considered.

16. DATA PROTECTION IMPLICATIONS

16.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

16.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

CONTACT OFFICER: Peter Mitchell

APPENDICES TO THIS REPORT: None