

Scrutiny & Overview Committee

Date: 21 December 2020

Item: Strategic Review of the Council's Companies – Action Plan

Conclusions and Recommendations

Introduction

The Scrutiny & Overview Committee (SOC) was given the opportunity to review the action plan created in response to the findings from the Strategic Review of the Council's Companies at its meeting on 21 December 2020.

This report has been prepared to summarise the recommendations of the Committee on the action plan. At the meeting each recommendation in the action plan was reviewed in turn and the feedback is presented in this format. A copy of the Strategic Review of Companies Action Plan can be found at Appendix 2).

General Recommendations

1. The Committee would request the opportunity to scrutinise the report arising from the second phase of the PwC review of the Council's Companies.
2. The Committee would request the opportunity to scrutinise the progress made against delivering the action plan, at the appropriate time.
3. The Committee identified that a lack of governance and appropriate management systems were a reoccurring theme in both this report and the Report in the Public Interest, and as such it was important to ensure that a robust level of challenge from scrutiny was facilitated to prevent any repetition of past mistakes.
4. The Committee noted that investigation had found no evidence that Brick by Brick had ever produced monthly management accounts and recommends that this is addressed as soon as possible.
5. Should the second phase report identify continuing with Brick by Brick, it was requested that the annual business case for the company continue to receive scrutiny from the Streets, Environment & Homes Sub-Committee.
6. The Committee recognised the need to be mindful of the capacity within the Council to respond to requests from scrutiny, particularly in light of the ongoing pressures from covid-19, and would both encourage and welcome an open dialogue with the Corporate and Political Leadership to manage expectations.
7. The Committee recommends that achieving value for money should form a key priority within any future relationship with its companies.

Strategic Review Action Plan Recommendations 1 – 4 (Brick by Brick Financial Planning, Financial Governance & Financial Governance Reporting)
<ol style="list-style-type: none"> 8. The Committee requested that other criteria, such as potential housing delivery, be included in the report due in February 2021 on the options for Brick by Brick.

<p>9. The ability of Brick by Brick to deliver housing on sites that had previously been identified for transfer to the company should be one of the primary factors for consideration when any decision was made by the Council over the future of each individual site.</p> <p>10. The Committee would ask that the Board of Brick by Brick give consideration to the publication of non-commercially sensitive information that could be used to provide assurance that the Council's investment is being put to good use.</p> <p>11. The Committee welcomed confirmation that an audit review had been commissioned on the Fairfield Halls development, to understand the decision making behind the arrangements with Brick by Brick.</p>
Strategic Review Action Plan Recommendation 5 (Brick by Brick State Aid)
<p>12. The Committee welcomed the confirmation that site specific risk assessments would be required as part of any consideration of the future of those sites. The Committee recommended that any future land disposal policy includes a requirement for an assessment of the viability of delivery of housing on a site.</p>
Strategic Review Action Plan Recommendation 6 (Croydon Council Purchase of Brick by Brick Properties)
<p>13. The Committee welcomed confirmation that all sites that had not yet been transferred to Brick by Brick will be re-evaluated by the Council before making a decision on how to proceed, if at all, with a planning application.</p>
Strategic Review Action Plan Recommendation 7 (Croydon Council – Brick by Brick Developments)
<p>14. The Committee highlighted that the limited capacity within the Planning Service presented a considerable risk to the Council and recommends that an increased level of monitoring is put in place to ensure the risk was managed appropriately.</p>
Strategic Review Action Plan Recommendation 8 (Croydon Council – Brick by Brick – State Aid)
<p>15. The Committee felt that further investigation was required to understand why the Council had never implemented its 25% equity investment in Brick by Brick.</p>
Strategic Review Action Plan Recommendations 9 – 12 (Croydon Council – Governance)
<p>16. The Committee noted that the LGA investigation was currently underway and requests reassurance that efforts are being made to preserve any documents that may be relevant to this review.</p>
Recommendations 13 – 15 (Croydon Council – Disposals)

17. The Committee would request the opportunity to scrutinise the systems that are being put in place for recommendations 13 and 14, once they have been tested.
Recommendation 16 – 18(Growth Zone – Business Case & Governance)
18. The Committee acknowledged that the current economic reality meant the original ambitions for the Growth Zone would need to be reassessed. It was recommended that any such reassessment include a detailed risk assessment that was regularly monitored as part of the project going forward.
Recommendations 19 – 21 (Revolving Investment Fund)
19. The Committee recommends that consideration is given to whether the responsibility for monitoring Treasury Management sits within either the scrutiny or audit function.
20. The Committee would recommend that governance systems are developed to improve the retention of ‘corporate memory’ going forward as a priority.
Recommendations 22 – 24 (Croydon Affordable Housing – Lifecycle Cost Provision & State Aid)
21. The Committee would request further information is provided to improve their understanding of the flow of funds between the Council, Croydon Affordable Homes and any other associated entities.
22. The Committee would recommend that the action set out in recommendation 24, concerning the amount of money set aside for life cycle costs of Croydon Affordable Housing stock is undertaken as a priority.
Recommendations 25 – 26 (Croydon Affordable Housing)
23. The Committee would request the provision of further information on the housing allocation policy used for Croydon Affordable Homes.
Recommendations 27 – 29 (Asset Investment Fund)
24. The Committee welcomed confirmation that there was no intention to undertake a ‘fire sale’ of assets to realise funds and would encourage that a full assessment is made prior to the disposal of any assets to ensure that value for money is achieved for Council Tax payers.