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| <b>REPORT TO:</b>   | <b>COUNCIL</b><br><b>8 March 2021</b>  |
| <b>SUBJECT:</b>   | <b>RECOMMENDATIONS OF CABINET REFERRED TO<br/>THE COUNCIL FOR DECISION</b>                 |
| <b>LEAD OFFICER:</b>  | <b>Jacqueline Harris Baker, Executive Director of Resources<br/>and Monitoring Officer</b> |
| <b>WARDS:</b>   | <b>ALL</b>   |
| <b>CORPORATE PRIORITY/POLICY CONTEXT:</b>   |  |
| The Recommendations of Cabinet referred to the Council for decision report is prepared in accordance with the Council Procedure Rules at Part 4A of the Constitution. |  |

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| <p><b>1. RECOMMENDATIONS FROM CABINET HELD ON 1 MARCH 2021</b></p> <p>Subject to decision at the Cabinet meeting to be held on 1 March 2021, Council is expected to be asked to approve the following recommendations:</p> <p><b>Treasury Management Strategy Statement Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/22</b></p> <p>1.1. The Treasury Management Strategy Statement 2021/2022 as set out in this report including the recommendations:</p> <p>1.1.1. That the Council takes up borrowing requirements as set out in paragraph 4.12 of the report.</p> <p>1.1.2. That for the reasons detailed in paragraph 4.17, opportunities for debt rescheduling are reviewed throughout the year by the Director of Finance, Investment and Risk (S151 Officer) and that they be given delegated authority, in consultation with the Cabinet Member for Resources &amp; Financial Governance and Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal in conjunction with the Council's independent treasury advisers, to undertake such rescheduling only if revenue savings or additional cost avoidance can be achieved at minimal risk in line with organisational considerations and with regard to the Housing Revenue Account (HRA) as set out in the Council's Medium Term Financial Strategy 2020/2024.</p> <p>1.1.3. That delegated authority be given to the Director of Finance, Investment and Risk (S151 Officer), in consultation with the Cabinet Member for Finance and Resources, to make any necessary decisions to protect the Council's financial position in light of market changes or investment risk exposure.</p> <p>1.2. That the Council adopts the Annual Investment Strategy as set out in paragraphs 4.19 and 4.20 of this report.</p> |
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- 1.3. That the Authorised Limit (required by Section 3 of the Local Government Act 2003) as set out in paragraph 4.13 and as detailed in **Appendix C** be as follows:

| <b>2021/2022</b>   | <b>2022/2023</b>   | <b>2023/2024</b>   |
|--------------------|--------------------|--------------------|
| <b>£2,037.804m</b> | <b>£2,090.958m</b> | <b>£2,134.928m</b> |

- 1.4. That the Council approve the Prudential Indicators as set out in **Appendix C** of this report.
- 1.5. That the Annual Minimum Revenue Provision Policy Statement (required by the Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2008SI 2008/414) as set out in **Appendix D** of the report be approved.
- 1.6. That the Council's authorised counterparty lending list as at 31<sup>st</sup> December 2020 as set out in **Appendix E** of the report and the rating criteria set for inclusion onto this list be approved.
- 1.7. That the Council adopts the Capital Strategy Statement set out in section 3 of the report.
- 1.8. That in the event of the Council receiving a Capitalisation direction that requires amendments to any part of the statements, strategies or policies contained in this report that the statutory Chief finance officer (Sec151 officer) be authorised to implement those changes and to report them to the next meeting of the Cabinet and council.

## **2. RECOMMENDATIONS FROM CABINET HELD ON 18 FEBRUARY 2021**

Following the decision at the Cabinet meeting held on 18 February 2021, Council is asked to approve the following recommendations:

### **Rent Setting Policy for Council Homes**

- 2.1. Review the Rent-Setting Policy for Council Homes within the Housing Revenue Account ("The Policy"), appendix 1 hereto and as detailed within the report and approve the adoption of this policy in accordance with Article 4.02 of Part 2 of the Constitution.

### **Review of Brick by Brick Croydon Ltd: Brick by Brick Shareholder decision – the future of the company**

- 2.2. The Council is asked to note the recommendations the Cabinet resolved to agree (set out below) and that Council shall receive a verbal update in respect of the outcome.

### **Croydon Equalities Strategy**

- 2.3. To approve the Equalities Strategy and the new Equalities Objectives.

## **3 RECOMMENDATION FROM ETHICS COMMITTEE HELD ON 11 FEBRUARY 2021**

Following the decision at the Ethics Committee meeting held on 11 February 2021, Council is asked to approve the following recommendations:

### **Succession Planning for and Recruitment and Appointment of Further Independent Persons**

3.1 Agree the recommendation of the Selection Panel for the following candidates:

- Donald Axcell
- Alan Malarkey
- Jennifer Gordon

to be appointed to the pool of Independent Persons and delegate to the Monitoring Officer the selection of an Independent Person from the pool for specific purposes.

3.2 Confirm that their appointment as Independent Persons for a term of 4 years, subject to annual appointment at Full Council, and that such appointment be subject to the Council's Scheme of Co-option set out in Part 6D of the Constitution.

3.3 Invite Anne Smith and Ashok Kumar, the Council's current Independent Persons, to serve for a further term of 2 years expiring at the end of the municipal year in 2023, subject to annual appointment at Full Council and the Council's Scheme of Co-option set out in Part 6D of the Constitution.

3.4 That Anne Smith and Ashok Kumar's appointment be confirmed on the basis set out above.

## **4 RECOMMENDATION FROM ETHICS COMMITTEE HELD ON 19 FEBRUARY 2021**

Following the decision at the Ethics Committee meeting held on 19 February 2021, Council is asked to approve the following recommendations:

### **COMPLAINT UNDER THE COUNCILLOR CODE OF CONDUCT**

4.1 That the Arrangements agreed by the Council under section 28(6) of the Localism Act and the terms of reference for the Ethics Committee, if necessary, be updated, for the avoidance of doubt, to reference the discretion of the Monitoring Officer to refer a complaint to an Assessment Sub-Committee of the Ethics Committee for Member' views to assist the Monitoring Officer in discharging her duties in regard to the assessment of complaints received concerning elected and co-opted members.

## **3. EXECUTIVE SUMMARY**

3.1. The Recommendations of Cabinet and Committees referred to the Council for decision report comprises of matters of business formally undertaken by the Leader and Cabinet as well as Committees since the last ordinary meeting of the Council that require Full Council approval.

## 4. BACKGROUND

- 4.1. Part 4A of the Constitution requires that Cabinet and Committees include any recommendations that it has made to Council within this report.
- 4.2. These rules do not apply to any recommendations contained in the Annual Report of the Scrutiny and Overview Committee.
- 4.3. The Leader or Chair of the Committee making the recommendation may exercise a right to introduce the recommendation; in so doing the Leader or Chair of the Committee shall speak for a maximum of 3 minutes.
- 4.4. The recommendation shall be seconded without any further speakers and if not deferred for debate shall immediately be put to the vote.
- 4.5. Any Member supported by a seconder, may ask that a recommendation be deferred for debate and the recommendation shall immediately stand deferred.
- 4.6. In the event that any Cabinet or Committee recommendations have not been reached when the time limit for the meeting has expired, those recommendations shall immediately be put to the vote without further debate.
- 4.7. Attached at **Appendix 8.1** is the **Treasury Management Strategy Statement Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/22** report to be considered at the **Cabinet** meeting to be held on 1 March 2021. The relevant appendices to this report are also included. These are **Appendix 8.1A** (Long-term debt profile), **Appendix 8.1B** (Specified and non-specified investments), **Appendix 8.1C** (Prudential Indicators), **Appendix 8.1D** (Minimum Revenue Provision Policy) and **Appendix 8.1E** (Commentary on Interest Rate Forecasts).
- 4.8. Attached at **Appendix 8.2** is the **Rent Setting Policy for Council Homes** report considered at the **Cabinet** meeting held on 18 February 2021. The relevant appendices to this report are also included. These are **Appendix 8.2A** (Policy for Rent-Setting for Council Homes within the Housing Revenue Account).
- 4.9. The **Review of Brick by Brick Croydon Ltd: Brick by Brick Shareholder decision – the future of the company** report considered at the **Cabinet** meeting held on 18 February 2021. It was agreed by Cabinet that the recommendations would be reported to Council for noting, with a verbal update to be provided. The recommendations Cabinet resolved to agreed were as follows:-
  - 1.1 Consider the PwC report including recommendations at Appendix 1 of the Part B agenda and the options set out in this report; agree to proceed with the option set out as scenario 2 of that report, which is a build out of sites by Brick by Brick combined with a sale of sites under construction whilst still considering the option of a sale of the business, with a further report to Cabinet in April / May 2021.

- i. Note that, with any option, there will be further costs/resourcing (in particular the sale of the business option, in order to ensure the proper advice is obtained regarding valuation, legal and financial implications) and some write off of the Council's investment (as further explained in the Part B report)
- 1.2 Agree that revised funding arrangements be entered into with Brick by Brick to reflect the current loan positions and proposals for the future, including, where relevant, moving to a 100% debt funding position (as opposed to 25% equity and 75% debt); extending relevant loans and repayment periods; allowing delays with repayments of existing loans; agreeing to further funding of no more than £9.99 million in relation to sites proposed for Brick by Brick to continue developing (and only where absolutely necessary within an appropriate repayment period), and:
  - i. Agree that the Interim Chief Executive be given delegated authority to finalise and agree the terms of new/varied funding agreements to be entered into between the Council and Brick by Brick in consultation with the Section 151 Officer and Monitoring Officer and in consultation with the Leader, Deputy Leader and Cabinet Member for Resources and Financial Governance.
  - ii. Note the progress of the loan agreement review (recommendation 19 of the Report in the Public Interest), as detailed in paragraphs 3.13-3.15 of this report.
  - iii. Note the advice at paragraph within the Part B paper regarding the legal implications of these proposed revised funding arrangements.
  - iv. Agree, where practically possible, to apply all funds being received from Brick by Brick first to the accrued interest and any subsequent funding will be used to pay back the principle loans
- 1.3 Agree for the necessary steps to be taken, in accordance with the Council's Tenders and Contracts Regulations, to appoint marketing agents to consider the disposal options for the College Green site (note, this is the site adjacent to Fairfield Halls which was due to transfer to Brick by Brick, but is currently held by the Council); the outcome of this options appraisal shall be reported back to Cabinet in accordance with the Council's governance processes.
- 1.4 Agree for the Council to review those sites Brick by Brick propose not to develop, as identified in Appendix 4, and to receive a future report to Cabinet on the potential use and future of each site (note, these are sites that had originally been intended to be transferred to Brick by Brick but are still held by the Council).
- 1.5 Agree that the plans to transfer the four sites identified in Appendix 4 from the Council to Brick by Brick proceed and, note, these sites will then be dealt with in accordance with recommendation 1.9 below.
- 1.6 Approve that the Council's Housing Revenue Account (HRA) can acquire residential units from Brick by Brick as part of this review and note that the

concurrent report to Cabinet regarding the arrangements for the future development of social housing within the Housing Revenue Account business plan will include Brick By Brick developments sites as potential development options. The acquisition and development will be subject to a review of affordability and HRA revenue implications.

The Cabinet, on behalf of the Council, exercising its functions as sole shareholder of Brick By Brick Croydon Ltd, is recommended to:

- 1.7 Agree that Brick by Brick continue to build out those schemes currently on site and due to complete by October 2021 (as identified in Appendix 2)
- 1.8 Agree that, in the event risks arise which affect timely completion of those sites referred to in Recommendation 1.7, agree that:
  - i. Brick by Brick shall report to the Council's Interim Chief Executive regarding those risks, including any development, operational, legal or other risks;
  - ii. The Council's Interim Chief Executive, in consultation with the Section 151 Officer and Leader, be authorised to decide:
    - a. whether the risks are such that selling the site(s) urgently would be more economically advantageous and, in those circumstances, shall have the ability to authorise Brick by Brick to sell those relevant sites; or
    - b. whether a further review is to be carried out and reported to Cabinet for a decision.
- 1.9 Agree that, for those sites which have estimated completion dates beyond October 2021 (as identified in Appendix 2), Brick by Brick be authorised to:
  - i. market the sites for sale and report back to the Council's Interim Chief Executive and Section 151 Officer regarding offers received;
  - ii. Subject to any objection by the Council's Interim Chief Executive in consultation with the Section 151 Officer and the Leader (note, this is to allow the Council the opportunity to consider whether continued build out of these sites might be more cost effective than offers received), sell those sites and, where necessary, novate any relevant contracts, such as building contracts, to the purchasers (for the avoidance of doubt, should the Council's Interim Chief Executive object, Brick by Brick shall not have the shareholder's authority to sell those sites).
- 1.10 Agree with the recommendation of the board of Brick by Brick to depart from the current Business Plan and no longer develop any site other than those sites identified in Appendix 2 (note, potential future transfers of interests in the work already undertaken will be the subject of a future report to Cabinet in accordance with recommendation 1.5 above).

- 1.11 Agree that these recommendations be adopted by way of shareholder resolution as revisions to the Business Plan of Brick by Brick Croydon Ltd, thereby requiring the company and Directors of the company to act on these recommendations and to carry out all necessary actions to give effect to them.
- 1.12 Require the Board of Brick by Brick to prepare and submit a revised Business Plan (by no later than May Cabinet) for adoption by the Council as shareholder, reflecting the decisions made under this report and to include the consequential impact on staffing and other relevant matters.
- 4.10. Attached at **Appendix 8.3** is the **Croydon Equalities Strategy** report considered at the **Cabinet** meeting held on 18 February 2021. The relevant appendices to this report are also included. These are **Appendix 8.3A** (EFLG LGA report), **Appendix 8.3B** (Stonewall Workplace Equality Index), **Appendix 8.3C** (Equality Strategy Consultation Report), **Appendix 8.3D** (DPIA), **Appendix 8.3E** (Equality Analysis) and **Appendix 8.3F** (Equality Strategy).
- 4.11. Attached at **Appendix 8.4** is the **Succession Planning for and Recruitment and Appointment of Further Independent Persons** report considered at the **Ethics Committee** meeting held on 11 February 2021.
- 4.12. Attached at **Appendix 8.5** is the **Complaint under the Councillor Code of Conduct** report considered at the **Ethics Committee** meeting held on 19 February 2021.

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| <b>CONTACT OFFICER:</b> | Victoria Lower,<br>Senior Democratic Services and Governance Officer –<br>Cabinet & Executive  |
| <b>APPENDIX 8.1:</b>    | Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/22 report |
| <b>APPENDIX 8.1A:</b>   | Long-term debt profile   |
| <b>APPENDIX 8.1B:</b>   | Specified and non-specified investments  |
| <b>APPENDIX 8.1C:</b>   | Prudential Indicators  |
| <b>APPENDIX 8.1D:</b>   | Minimum Revenue Provision Policy   |
| <b>APPENDIX 8.1E:</b>   | Commentary on Interest Rate Forecasts  |
| <b>APPENDIX 8.2:</b>    | Rent Setting Policy for Council Homes report   |
| <b>APPENDIX 8.2A:</b>   | Policy for Rent-Setting for Council Homes within the Housing Revenue Account   |
| <b>APPENDIX 8.3:</b>    | Croydon Equalities Strategy report   |
| <b>APPENDIX 8.3A:</b>   | EFLG LGA report  |

- APPENDIX 8.3B:** Stonewall Workplace Equality Index
- APPENDIX 8.3C:** Equality Strategy Consultation Report
- APPENDIX 8.3D:** DPIA
- APPENDIX 8.3E:** Equality Analysis
- APPENDIX 8.3F:** Equality Strategy
- APPENDIX 8.4:** Succession Planning for and Recruitment and Appointment of Further Independent Persons report
- APPENDIX 8.5:** Complaint under the Councillor Code of Conduct report
- BACKGROUND DOCUMENTS:** None