

REPORT TO:	SCRUTINY AND OVERVIEW COMMITTEE 27 May 2021
SUBJECT:	CALL IN: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company
LEAD OFFICER:	Katherine Kerswell – Interim Chief Executive Chris Buss – Interim Director of Finance, Investment and Risk
CABINET MEMBERS:	Leader of the Council – Councillor Hamida Ali

ORIGIN OF ITEM:	This item has been triggered by the call-in of the decision (1421CAB) by the Cabinet on 17 May 2021 on the Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company.
BRIEF FOR THE COMMITTEE:	To consider and respond to the Call-In in accordance with the procedure set out in the Council's constitution (set out in paragraph 2.3 below).

1. EXECUTIVE SUMMARY

- 1.1 The decision taken on the Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company by the Cabinet on 17 May 2021 has been called-in by 18 members of the Council.
- 1.2 Attached to this report are:
- **Appendix A1 to A2** is the Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company - Cabinet Report and its associated appendices
 - **Appendix B** is the Key Decision Notice
 - **Appendix C** is the completed call in form that was received by the Monitoring Officer
 - **Appendix D** is the associated confidential part B report for this item.

2. CALL-IN – ONGOING REVIEW OF BRICK BY BRICK CROYDON LTD AND ASSOCIATED MATTERS RELATING TO THE COMPANY

- 2.1 The decision taken by the Cabinet that is the subject of this call-in, was as follows:

Having carefully read and considered the Part A report, the associated confidential part B report, and the requirements of the Council's public sector duty in relation to the issues detailed in the body of the reports, the Cabinet resolved to:-

- 1.1 *Agree that the Council recognises the costs of the Fairfield Halls refurbishment, being a total of £69.261 million (as identified in Appendix 1), as capital expenditure rather than as a Capital Loan and to:*

- i. Agree, in principle, that the existing Fairfield Halls refurbishment contracts with Brick by Brick be novated to the Council (subject to review of the*

individual contracts, to be finalised and authorised by the Interim Executive Director of Place under their delegated authority); and

ii. Agree, in principle, that specialist consultants or contractors, required to identify any additional remedial works to the building, be appointed (in accordance with the Council's Tenders and Contracts Regulations).

1.2 Approve that the Council's Housing Revenue Account (HRA) can acquire 104 residential units from Brick by Brick as set out in Appendix 2 and as further detailed in the Part B restricted report.

1.3 Agree that the consolidated loan agreement shall, if required, be varied to include a further loan draw down amount of up to £10 million to cover additional working capital, in the event that this is required by Brick by Brick due to possible delays with forecast sales receipts (this is in addition to the £9.99m agreed by Cabinet in February 2021) and agree that authority be given to the Interim Chief Executive in consultation with the interim Director of Finance, Insurance and Risk and Section 151 officer and in consultation with the Leader and the Cabinet Member for Croydon Renewal and Cabinet Member for Resources and Financial Governance; to agree such draw down sums (not exceeding the overall additional £10m) as appropriate to address immediate operational needs.

1.4 To delegate authority to Interim Executive Director of Place after consultation with the the interim Director of Finance, Insurance and Risk and Section 151 officer & the Interim Chief Executive for the Council to acquire further units or other assets from Brick by Brick as detailed within 3.14 of this report, any such acquisition of units to be within existing capital budget provision.

1.5 Otherwise note the progress made with regard to the previous February 2021 Cabinet recommendations on Brick by Brick.

2.2 The call-in pro-forma is attached at Appendix C. The decision form was received on 18 May 201 from Councillor Robert Ward, with the call-in supported by the following councillors – Jason Cummings, Simon Brew, Maria Gatland, Ian Parker, Sue Bennet, Richard Chatterjee, Michael Neal, Andy Stranack, Yvette Hopley, Helen Redfern, Stuart Millson, Margaret Bird, Lynne Hale, Scott Roche, Steve Hollands, Gareth Streeter and Simon Hoar

2.3 The reasons stated for the Call-In are that:

“1) To hold the decision takers to account on their decision and to the evidence that underpins their reasoning to lend Brick by Brick a further £10 million.

2) To hold the decision takers to account on their decision and to the evidence that underpins their reasoning that novating the Fairfield Halls refurbishment contracts to the Council and changing the status of the costs of the refurbishment from a capital loan to Brick by Brick to the Council's capital programme is in the best interests of Croydon residents.

3) To obtain reassurance that the purchase of the additional 104 housing units represents good value for money and that any additional purchases meet the same criterion.”

2.4 The outcomes desired from the Call-In are stated as:

'For the decision takers to give a satisfactory response to the above queries including providing the requested documentation, if necessary as a Part B.'

3. CALL-IN PROCEDURE

3.1 The Council's Constitution, Part 4E Scrutiny & Overview Procedure Rule, states:

"11.08 The referral shall be considered at the next scheduled meeting of the Scrutiny and Overview Committee unless, in the view of the Borough Solicitor, this would cause undue delay. In such cases the Borough Solicitor, will consult with the decision-taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny and Overview Committee may only consider a maximum of three referrals at any one meeting.

11.09 At the meeting, the referral will be considered by the Committee which shall determine how much time it will give to the call-in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the Cabinet for reconsideration, setting out in writing the nature of the concerns. The Cabinet shall then reconsider the decision, amending the decision or not, before making a final decision.

11.10 The Scrutiny and Overview Committee may refer the decision to the Council if it considers that the decision taken by the Leader or Cabinet is outside the Budget and Policy Framework of the Council. The Council may decide to take no further action in which case the decision may be implemented. If the Council objects to Cabinet's decision it can nullify the decision if it is outside the Policy Framework and/or inconsistent with the Budget.

11.11 If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.

11.12 If the Council determines that the decision was within the Policy Framework and consistent with the Budget, it will refer any decision to which it objects, together with its views on the decision, to the Cabinet. The Cabinet shall choose whether to either, amend, withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet after the referral from the Council.

11.13 The responses of the decision-taker and the Council shall be notified to all Members of the Scrutiny and Overview Committee once the Cabinet or Council has considered the matter and made a determination.

11.14 If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 11.08 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place."

CONTACT OFFICER:

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Officer)

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APPENDIX A1 to A3: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company - Cabinet Report (and associated appendices)

APPENDIX B: The Key Decision notice

APPENDIX C: Call-In Proforma

APPENDIX D: Associated confidential Part B report