

LONDON BOROUGH OF CROYDON

REPORT:	CABINET
DATE OF DECISION:	16th October 2024
REPORT TITLE:	Croydon Companies Supervision and Monitoring Panel - Update Report
CORPORATE DIRECTOR:	Jane West Corporate Director of Resources (Section 151 Officer)
LEAD OFFICER:	Ian Geary, Head of Strategic Finance
LEAD MEMBER:	Cllr Jason Cummings, Cabinet Member for Finance
KEY DECISION?	No
CONTAINS EXEMPT INFORMATION?	No. Public Grounds for the exemption: N/A
WARDS AFFECTED:	All

1 SUMMARY OF REPORT

- 1.1 This report provides an update to Cabinet from the Croydon Companies Supervision and Monitoring Panel (CCSMP), established by Cabinet on 26 July 2021, as a response to the Report in the Public Interest 2020.
- 1.2 The report provides an update on the status of Council companies that exist but excludes Brick by Brick (Croydon) Limited which is subject to a separate monitoring and review process.

2 RECOMMENDATIONS

For the reasons set out in the report, Cabinet is recommended:

- 2.1 to approve the nominated Council contact named in paragraph 4.6 for the Wettern Tree Garden and Woodcote Village Green charities
- 2.2 to note the status of Croydon Council companies as set out in Appendix 1.
- 2.3 to note the actions proposed by Croydon Affordable Housing to improve debt collection.

- 2.4 to note the forthcoming shareholding changes to Croydon Central Management Company Ltd.
- 2.5 to note the status of Croydon Enterprise Loan Fund (CELF) and Non-Executive Director recruitment.
- 2.6 to approve that update reporting to Cabinet from the Croydon Companies Supervision and Monitoring Panel (CCSMP) changes from twice per year to annually.

3 REASONS FOR RECOMMENDATIONS

- 3.1 This report provides a further update on Croydon Council companies since the last update was presented to Cabinet on 14 February 2024.
- 3.2 Recommendation 2.1 is required to enable the Council to submit annual returns to the Charity Commission, who require evidence of the contact being nominated.
- 3.3 The panel recommends that annual reporting to Cabinet would be more appropriate, to ensure Cabinet agendas do not contain repetitive or trivial information. Brick by Brick (Croydon) Limited remains outside the scope of the Croydon Companies Supervision and Monitoring Panel, and reports will be presented directly to Cabinet as required.

4 BACKGROUND AND DETAILS

Overview of Croydon Companies

- 4.1 The Croydon Companies Supervision and Monitoring Panel (CCSMP) was established with the purpose of ensuring that the Council's strategic objectives are met, and to support the development of the Council group of companies in line with the Council's regulations and strategic objectives.
- 4.2 A company matrix is attached as Appendix A. It sets out a list of identified organisations:
 - Wholly or partly owned by the Council;
 - Not owned by the Council, but where the Council has an interest and/or an officer of the Council is a Director of the company;
 - Property Management Companies where the Council owns a share of the freehold;
 - Charities where the council is a Trustee.

- 4.3 The following parts of this report provide an update on any significant company changes or events since the February 2024 Cabinet report was presented.

Dormant Company Filings

- 4.4 Appendix A shows that at the time of updating this appendix, three dormant companies were approaching their filing date of 31 August 2024. These accounts were filed ahead of this deadline.

Parks Charities

- 4.5 Appendix A shows that the annual returns for two parks related charities are overdue. Following a national change to the Charity Commission website, the Council has been unable to log into the website to submit the annual returns for these two charities. The annual returns have instead been submitted to the Charity Commission by post, and the Council is working with the Commission to restore online access so that annual returns can revert to being filed online each year.

- 4.6 To restore this access, the Charity Commission require evidence from a charity Annual General Meeting (AGM) that a nominated Council officer has been appointed as the charity's contact. As the Council is the sole Trustee for both of these charities, the Council plans to use this report to Cabinet as evidence that the nominated contact has been properly appointed by the Trustees. Approval of Cabinet, acting as Trustee and as an Annual General Meeting of those Charities is requested to approve the nominated contact is set out in the table below:

Charity	Nominated Contact
The Wettern Tree Garden Trust (302992)	Xabier Mendes, Parks Team Leader, Xabier.Mendes@croydon.gov.uk
Woodcote Village Green (200227)	Xabier Mendes, Parks Team Leader Xabier.Mendes@croydon.gov.uk

It is possible that further information or actions are required from the Charities Commission and the Council will work with the Commission to satisfy any further requirements.

Croydon Affordable Housing (CAH)

- 4.7 This charity holds the majority control of Croydon Affordable Housing LLP and Croydon Affordable Tenures LLP, which between them lease 346 dwellings from the Council to provide accommodation for Croydon residents.
- 4.8 Previous CCSMP meetings had noted that rent arrears were increasing, and in response a plan of action has been agreed by the CAH trustees to address this.

- 4.9 In summary, the action plan to reduce arrears will:
- Ensure a zero tolerance approach to arrears is adopted
 - Bring consistency to engagement with tenants about arrears
 - Instruct external solicitors for possession claims to increase speed and probability of success
 - All CAH staff to undergo Debt Recovery Training
 - A high level of support to be offered to ensure tenancy sustainment, including advice and support with claiming relevant benefits and support funds.
- 4.10 The CAH board have agreed to provide additional resources to the Council to enable this action plan to be implemented. The arrears are within the tolerances of the Business Plan and are not negatively impacting on the companies' operations. However, improvement in collection rates would result in improved surpluses back to the Council.
- 4.11 The Board of the LLPs are in the process of opening a bank account for their operations which will improve their ability to deal with property repairs and arrears.

Croydon Central Management Company Limited

- 4.12 This entity was created as part of the former Taberner House site redevelopment. It exists to provide management services on behalf of leaseholders of the four blocks that make up the Queens Quarter development.
- Block 1 – Legal & General
 - Block 2 – Malcolm Wickes House, held by the Council's Housing Revenue Account
 - Block 3 – London & Quadrant Housing
 - Block 4 – London & Quadrant Housing
- 4.13 Since its creation, the leaseholders of Blocks 1, 3 and 4 have not taken up Director positions on the company, creating potential risk around the provision of services to shared areas across the site. Following work by the Director of Commercial Investment and Capital, agreement has been secured for the leaseholders to appoint Directors and enable the company to regularise the provision of services.
- 4.14 As an interim step the Council has appointed a Director (the Director of Commercial Investment and Capital) to the Board and with the consent of the other planned shareholders is 'managing' the Company. This includes appointing the Council's

Housing Management Team as managing agents for the site following ENCORE's decision to 'quit' their role as managing agents. This transfer took place as of 24 August 2024.

Croydon Enterprise Loan Fund

- 4.15 The Board of Croydon Enterprise Loan Fund (CELF) are in the final stages of the solvent winding down of the company with legal work having commenced and are in dialogue with the Council on novating all activities including transfer of existing loans to the Council and any residual assets. The CELF Board aim to complete this by the end of October 2024 and then formally close the company and cancel their registration with the Financial Conduct Authority (FCA).

Non-Executive Director Recruitment and Training

- 4.16 It has been previously identified which companies require non-executive directors to be appointed to. To support these companies in a sustainable way going forward, officers are identifying any current and future gaps on director appointments to ensure that all companies are:-
- Quorate
 - Have the right level of experience/knowledge as directors
 - Support the strategic objectives of the company
 - Ensure that the correct governance is in place
- 4.17 By the end of October 2024 an application pack and job description will be in place for all non-executive director vacancies and can be adapted to the specific needs of individual companies. Advertisements for new directors will commence as needed in November 2024.
- 4.18 To support existing and potential non-executive directors, a "Director's Duties" training session was delivered in April 2024. Officers from the current cohort of the Black on Board training programme were also in attendance to support their ongoing development. Going forward the training will be a minimum requirement for any officers who wish to apply for any non-executive director roles and included in ongoing refresher training.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Do nothing – in relation to the approval recommendations of the report, not proceeding with recommendations 2.1 will mean the Council will be unable to file relevant accounts and be in breach of the Charities requirements.

6 CONSULTATION

6.1 None.

7. CONTRIBUTION TO EXECUTIVE MAYOR'S BUSINESS PLAN

7.1 Priority 4: Ensure good governance is embedded and adopt best practice. Sound governance processes are required to ensure that decision-making is transparent, and that effective control of our companies is in place to achieve the Council's objectives.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 There are no direct financial implications arising from the noting recommendations of this report. Cabinet is recommended through this report to approve that update reporting to Cabinet from the CCSMP changes from twice per year to annually. This change should not affect the ongoing monitoring and supervision by officers through CCSMP. Also, ad hoc reporting to Cabinet in addition to the annual updates would be completed as and when required.

Comment approved by: Allister Bannin, Director of Finance (Deputy s151 Officer), 09/09/2024.

8.2 LEGAL IMPLICATIONS

8.2.1 The Council has the power to participate as a Member/ Shareholder/ Trustee of a company/ LLP/ charity under the general power of competence (Localism Act 2011), which gives local authorities the power to do anything that individuals generally may do.

8.2.2 The companies, limited liability partnerships and charities listed in the Croydon Companies' matrix at appendix A are distinct legal entities from the Council and have their own governance arrangements included with their Articles of Association and any Member Agreements and Trust documents, which determine how decisions are made regarding those entities.

8.2.3 Comments approved by the Head of Commercial, Housing & Litigation Law and Deputy Monitoring Officer on behalf of the Director of Legal Services and Monitoring Officer. (Date 26/09/2024)

8.3 HUMAN RESOURCES IMPLICATIONS

8.3.1 There are no immediate workforce implications arising from the content of this report. Should any matters arise, these will be managed in accordance with the relevant HR policies and procedures.

8.3.2 Approved by: Gillian Bevan, Head of HR Resources and Assistant Chief Executives directorates on behalf of Dean Shoesmith, Chief People Officer (29/8/2024)

8.4 EQUALITIES IMPLICATIONS

8.4.1 The Council has a statutory duty to comply with the provisions set out in Section 149, Equality Act 2010. The Council must therefore have due regard to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.4.2 The protected characteristics defined by law are race and ethnicity, disability, sex, gender reassignment, age, sexual orientation, pregnancy and maternity, religion or belief, marriage and civil partnership.

8.4.3 The recommendations of this report are not expected to create any equality implications.

8.4.4 Comments approved by Ken Orlukwu, Senior Equalities Officer, on behalf of Helen Reeves, Head of Strategy & Policy on 27/09/2024

9 APPENDICES

9.1 A Croydon Companies Matrix – August 2024

10 BACKGROUND DOCUMENTS

10.1 None.