

Overview and Scrutiny Committee – 17 March 2020

Response from the Cabinet of 29 January 2020

Knowle Green Estates Business Plan

1. At its meeting held on 21 January 2020, the Overview and Scrutiny Committee considered the draft Knowle Green Estates Business Plan ahead of its approval by the Cabinet.
2. Members raised a concern that they did not know the Council's requirements of Knowle Green Estates Ltd as the Council's housing delivery vehicle and therefore could not assess whether it was achieving its aims. They proposed the inclusion of a mission statement setting out the purpose and aims of the company as this would assist in scrutinising and measuring the success of its work.
3. The Committee sought further clarification on the financial arrangements relating to asset valuation and the transfer of property at cost price and considered that the wording of the plan needed further refinement and clarity.

The Committee recommended to Cabinet:

1. That the Business Plan for the Knowle Green Estates Group is presented alongside a mission statement or that a mission statement is subsequently developed identifying the purpose and aims of the Group.
 2. That the process of asset valuation and transfer detailed in the Business Plan for the Knowle Green Estates Group be subject to further clarification.
4. The Cabinet considered these recommendations at its meeting on 29 January 2020 during consideration of a report on the governance arrangements for Knowle Green Estates Ltd.
 5. The Leader responded to the recommendations, on behalf of the Cabinet, as follows:

Mission Statement

“As regards a mission statement for Knowle Green Estates Group Ltd – I can see how this will provide some assurances for members. I think the business plan makes it clear the direction of travel for the business, but I have no reservations to ask the Directors to consider their proposal for a mission statement and submit it to the Council. I think this will complement the Business Plan.

Asset valuation and transfers

I know that this is a live issue for the Directors because it fundamentally affects the financial appraisals for all the development sites.

I am also aware that the Council has taken some initial advice in this area. This has clarified that we do not need to transfer at full value where there is affordable housing and the Council is the sole proprietor of the Company. It is worth the Council and the Company developing a protocol on this for the future schemes and taking further advice on a revised protocol. As Shareholder Representative, I will discuss this with the Directors to see how such a protocol could be developed and how the approach can be clarified in the business plan.

Thank you for your recommendations which I propose to accept.”

6. Cabinet agreed to request the Directors of Knowle Green Estates Ltd to provide further information to Cabinet along the lines outlined by the Leader in his response to the Overview and Scrutiny Committee recommendations.