Appendix C – Sixty Bricks Options Analysis

Option 1: Sixty Bricks to continue as a conventional housebuilding company

- The council would need to allocate sites delivering c.180 homes over the next three years to Sixty Bricks to enable it to continue to operate as a viable business.
- Priory Court and Church Lane would meet the above requirement.
- These projects would require HRA investment of circa £80-£90m over the next three years, which is not currently affordable to the HRA. Additionally, GLA grant funding would be required for Church Lane, which has not been secured.
- Does not reflect Sixty Brick's original remit from Cabinet or the Housing Commission's recommendations.
- Less beneficial tax position compared to in-house delivery by the council.

Option 2: Reset Sixty Bricks to reflect its original remit and the Housing Commission's recommendations

- Sixty Bricks to focus on delivering PRS, build to rent, TA, specialist accommodation (e.g., homes for older people and students) and third party-site acquisitions.
- Company would need to downsize its business operation whilst reset takes place,
- Seed funding would be required to support fixed staffing costs whilst a reset business plan is prepared, external funding secured and a new pipeline assembled.
- The provision of seed funding would remove the need to allocate sites to Sixty Bricks in the short-term, providing the council with flexibility to manage its housing delivery priorities within its current financial constraint.
- Alternatively, the council could allocate Priory Court to Sixty Bricks, which is due to be presented to Cabinet in March 2024 for approval. This would enable Sixty Bricks to capitalise some of its operating costs against the project, providing more time for them to develop a viable business proposal.
- A change in governance process would be required, streamlining the decision-making process to enable Sixty Bricks to operate as a more agile arms-length business in the marketplace.
- The council would retain the ability to allocate projects to Sixty Bricks should this deliver value for money to the council.

Option 3: Make Sixty Bricks dormant

- Saving to operating costs (£2.1m pa.) would provide the council with more flexibility to balance its housing delivery priorities within its current financial constraints.

- There would be exit costs associated with making the company dormant. They include abortive costs on the expenditure incurred by Sixty Bricks to progress its Phase 2 pipeline, legal costs and redundancy costs.
- There would be reputational implications associated with making Sixty Bricks dormant, including with the GLA, which would need to be managed. However, this risk could be mitigated through delivering GLA funded projects in-house (such as Priory Court), or through alternative delivery structures.

- Making Sixty Bricks dormant now would limit outstanding debts due from Sixty Bricks to the Council, and minimize expenditure on Sixty Bricks' operational costs (c.£165k per month).
- By making the company dormant, with its reputation intact having successfully delivered Phase One, there remains the opportunity to resurrect it in the future when market and funding conditions improve, and the Council is seeking to upscale its development activities.
- The council would therefore retain the opportunity to realise the long-term added value that could be achieved through having a separate development company.