

GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE

THURSDAY 13 JUNE 2019
6.30 PM

Bourges/Viersen Room - Town Hall

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest and Whipping Declarations**

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification" that has been disclosed to the Solicitor to the Council.

Members must also declare if they are subject to their party group whip in relation to any items under consideration.

3. **Exclusion of the Press and Public**

In accordance with Standing Orders, Members are asked to determine whether the exempt annex relating to items 4 and 5, Executive Decision: Approval Of Funding For The Provision Of Accommodation To Reduce Homelessness - MAY19/CMDN/01, which contains exempt information as defined by Paragraph 3 of Schedule 12A, Part 1, Local Government Act 1972, should be exempt and the press and public excluded from the meeting should this annex be discussed, or whether the public interest in disclosing this information outweighs the public interest in maintaining the exemption.

4. **Request to Call-In Executive Decision: Approval of funding for the provision of accommodation to reduce homelessness - MAY19/CMDN/01**

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There is an induction hearing loop system available in all meeting rooms. Some of the systems are infra-red operated, if you wish to use this system then please contact Paulina Ford on 01733 452508 as soon as possible.

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5. Response to Call-In of Executive Decision: Approval of funding for the provision of accommodation to reduce homelessness - MAY19/CMDN/01 **19 - 24**

Emergency Evacuation Procedure – Outside Normal Office Hours

In the event of the fire alarm sounding all persons should vacate the building by way of the nearest escape route and proceed directly to the assembly point in front of the Cathedral. The duty Beadle will assume overall control during any evacuation, however in the unlikely event the Beadle is unavailable, this responsibility will be assumed by the Committee Chair.

Recording of Council Meetings: Any member of the public may film, audio-record, take photographs and use social media to report the proceedings of any meeting that is open to the public. Audio recordings of meetings may be published on the Council's website. A protocol on this facility is available at:

<http://democracy.peterborough.gov.uk/ecSDDisplay.aspx?NAME=Protocol%20on%20the%20use%20of%20Recording&ID=690&RPID=2625610&sch=doc&cat=13385&path=13385>

Committee Members:

Councillors: C Harper, (Chairman), K Aitken, R Brown, C Burbage, G Casey (Vice Chairman), D Fower, J A Fox, J Howard, J Lillis, L Robinson and I Yasin

Substitutes: Councillors: J Goodwin, M Jamil, C Wiggin and K Yurgutene

Further information about this meeting can be obtained from Paulina Ford on telephone 01733 452508 or by email – paulina.ford@peterborough.gov.uk

GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE	AGENDA ITEM No. 4
13 JUNE 2019	PUBLIC REPORT

Report of:	Director of Law and Governance	
Cabinet Member(s) responsible:	Cabinet Member for Housing Culture and Recreation	
Contact Officer(s):	Paulina Ford, Senior Democratic Services Officer	Tel. 01733 452508

REQUEST FOR CALL IN OF AN EXECUTIVE DECISION: APPROVAL OF FUNDING FOR THE PROVISION OF ACCOMMODATION TO REDUCE HOMELESSNESS - MAY19/CMDN/01

R E C O M M E N D A T I O N S	
FROM: Director of Law and Governance	Deadline date: N/A
<p>It is recommended that the Growth, Environment and Resources Scrutiny Committee:</p> <ol style="list-style-type: none"> 1. Consider a request to call-in a decision taken by the Cabinet Member for Housing, Culture and Recreation. 	

1. ORIGIN OF REPORT

1.1 The report is presented to the Committee on behalf of the Director of Law and Governance.

2. PURPOSE AND REASON FOR REPORT

2.1 The report is being presented to the Committee so that they may consider a request to call-in a decision taken by the Cabinet Member for Housing Culture and Recreation in respect of the Executive Decision: Approval Of Funding For The Provision Of Accommodation To Reduce Homelessness - MAY19/CMDN/01

2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference No. Part 3, Section 4 - Overview and Scrutiny Functions, paragraph 3, Scrutiny, sub paragraph 3.3 Hold the Executive to account for the discharge of functions in the following ways:

- (f) By exercising the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive or key decisions which have been delegated to an officer;

2.3 The attached CMDN at appendix 2 of the report contains an exempt annex which is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating to the business affairs of the Council and Medesham Homes LLP. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. **BACKGROUND AND KEY ISSUES**

4.1 On the 22 May 2019, the Cabinet Member for Housing, Culture and Recreation made an executive decision relating to the Approval Of Funding For The Provision Of Accommodation To Reduce Homelessness. In accordance with the Constitution this decision was published on 22 May 2019.

4.2 On 28 May 2019 Councillor Darren Fower and Councillor Lucinda Robinson submitted a request to call-in the decision on the following grounds:

Criteria 3. Decision does not follow principles of good decision-making set out in Part 2, Article 11 (Decision Making) of the Council's Constitution, specifically that the decision maker did not:

- (a) Realistically consider all alternatives and, where reasonably possible, consider the views of the public.
- (c) Take account of all relevant matters, both in general and specific, and ignore any irrelevant matters.

4.3 A copy of the request to call-in is attached at Appendix 1, a copy of the report considered by the Cabinet Member is attached at Appendix 2 and a copy of the decision notice is attached at Appendix 3.

4.4 After considering the request to call-in and all relevant advice, the Committee may either:

- (a) refer it back to the decision making person or body for reconsideration, normally in time for its next scheduled meeting, setting out in writing the nature of its concerns and any alternative recommendations;
- (b) if it considers that the decision is outside the Council's Budget and Policy Framework, refer the matter to the Council after seeking the advice of the Monitoring Officer and/or Chief Financial Officer; or
- (c) decide to take no further action, in which case the original executive decision will be effective immediately.

If referred back to the decision taker they shall then reconsider, amending the decision or not, before adopting a final decision. Once a decision has been reconsidered by the decision taker it may not be the subject of further call-in.

5. **CONSULTATION**

5.1 Please refer to Appendices 2 and 3 of the report for details of any consultation that has taken place with regard to the Executive Decision taken.

6. **ANTICIPATED OUTCOMES OR IMPACT**

6.1 Possible outcomes: The Committee may either:

- a) refer it back to the decision making person or body for reconsideration, normally in time for its next scheduled meeting, setting out in writing the nature of its concerns and any alternative recommendations;

- b) if it considers that the decision is outside the Council's Budget and Policy Framework, refer the matter to the Council after seeking the advice of the Monitoring Officer and/or Chief Financial Officer; or
- c) decide to take no further action, in which case the original executive decision will be effective immediately.

7. REASON FOR THE RECOMMENDATION

- 7.1 Call-in is the exercise of a Scrutiny Committee's statutory powers under section 9F(2) and 9F (4) of the Local Government Act 2000 (as amended by the Localism Act 2011) to review an Executive Key Decision before it is implemented. Where a decision is called-in and the Scrutiny Committee decides to refer it back to the decision maker for reconsideration, it cannot be implemented until the call-in process is complete.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Please refer to Appendices 2 and 3 of the report for details of alternative options considered with regard to the Executive Decision taken.

9. IMPLICATIONS

Financial Implications

- 9.1 Please refer to Appendices 2 and 3 of the report for details of any financial implications with regard to the Executive Decision taken.

Legal Implications

- 9.2 Please refer to Appendices 2 and 3 of the report for details of any legal implications with regard to the Executive Decision taken.

Equalities Implications

- 9.3 Please refer to Appendices 2 and 3 of the report for details of any equalities implications with regard to the Executive Decision taken.

Rural Implications

- 9.4 *N/A*

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Executive Decision Notice: Approval Of Funding For The Provision Of Accommodation To Reduce Homelessness - MAY19/CMDN/01

11. APPENDICES

- 11.1 Appendix 1 – Request to Call-In Decision
- Appendix 2 – Report Considered by the Cabinet Member for Housing, Culture and Recreation (Part Exempt)
- Appendix 3 – Copy of Decision Notice: Approval Of Funding For The Provision Of Accommodation To Reduce Homelessness - MAY19/CMDN/01 (Part Exempt)

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CALL-IN REQUEST FORM



This form must be completed and signed by any TWO members of the relevant Scrutiny Committee and MUST be returned to the *Proper Officer within 3 working days of the decision being published (*not including the day of publication*). Please telephone the Proper Officer to make them aware that the Call-In form is on its way.

**Please note that the Proper Officer can be any of the following Senior Democratic Services Officers: Paulina Ford, Tel: 452508, Daniel Kalley, Tel: 01733 296334, Jane Webb, Tel: 01733 452281 or Phillipa Turvey, Democratic and Constitutional Services Manager, Tel: 01733 452460 The Call-In Request will only be valid if it has been received in person by any of the above people within the 3 working day deadline. The form may be emailed or hand delivered. If sent in the post you must call the Proper Officer to advise that it has been posted and it will need to be received by the Proper Officer within the 3 working day deadline.*

Decision taker:	Councillor Steve Allen, Cabinet Member for Housing, Culture and Recreation
Date of publication of decision:	22/05/2019
Title of Decision Called in :	Approval of Funding for the provision of accommodation to reduce homelessness. MAY19/CMDN/01
Date Decision Called in:	28/05/2015

	REASONS FOR CALL-IN	Tick which reason applies
1.	Decision is contrary to the Budget and Policy Framework rules set out in Part 4 Section 6 of the Council's Constitution? <i>(If this is the case it will require a reference to Council by a Scrutiny Committee on a report from the Monitoring Officer or Chief Finance Officer)</i>	
2.	Decision is Key but it has not been dealt with in accordance with the Council's Constitution.	
3.	Decision does not follow principles of good decision-making set out in Part 2, Article 11 (Decision Making) of the Council's Constitution.	X
If reason 3, please tick which specific element of Article 11 the decision maker has not followed, did he or she not:		
(a)	Realistically consider all alternatives and, where reasonably possible, consider the views of the public.	X
(b)	Understand and keep to the legal requirements regulating their power to make decisions	
(c)	Take account of all relevant matters, both in general and specific, and ignore any irrelevant matters.	X
(d)	Act for a proper purpose and in the interests of the public.	
(e)	Keep to the rules relating to local government finance.	
(f)	Follow procedures correctly and be fair.	
(g)	Make sure they are properly authorised to make the decisions.	
(h)	Be responsible for their decisions and be prepared to give reasons for them.	
(i)	Take appropriate professional advice from officers.	

Detailed Reason(s) for Call-in. *Please detail the reasons below why the Scrutiny Committee should review or scrutinise the decision and consider referring it back to the Executive, please be specific in how it applies to the reason for call-in as identified on page 1 of the form. E.g. if you have ticked reason 1 on the form then please identify which major policy is affected and how/why or which area of the budget framework.*

Alternatives have not realistically been considered, especially regarding the dwellings in Midland Road, as different types of tenancy rather than affordable rents.

The views of residents of Eye Green and Midland Road may not have been considered. Realistic options could not be made as it is a backdated decision, to fund Medesham Homes.

There has not been proper consultation with residents about the proposals to build these additional dwellings in Eye amongst other places.

The original financing scheme put together for the council is somewhat different to what has now been suggested and Councillors have not been consulted on using funds from right to buy receipts or other Council funds for the dwellings that have been built and are occupied in Midland Road.

The combined authority had indicated that funding was to come from its resources and it was upon that basis that Councillors were aware of the decisions going forward.

Councillors may have been aware of decisions in the planning and construction stages but now that the properties have been completed this is a different matter and councillors were not consulted on the variation in the type of tenancy that has been given to some tenants.

Peterborough Councillors have not been consulted on the Council providing additional funding for the Housing Company following the errors realised and confirmed over many months that homes for "affordable rents" could not be funded directly by the Combine Authority, despite members of the Combined Authority raising this issue several times and Cllr Murphy asking pertinent questions at our Council meetings.

Details of Alternative Course of Action or Recommendations you wish to propose. *Please specify what course of action you are proposing should be taken and any recommendations that you are proposing should be considered by the Scrutiny Committee.*

Scrutiny requires a fuller explanation as to what has happened and what the options are.

We understand that a housing revenue account is being established. Is there not a way to fund homes through this?

Presumably, Cross Keys Homes are involved with the houses in Midland Road, Scrutiny Committee needs to know who the landlord is for the present dwellings and those that are proposed.

So for example, homes proposed in Eye, could they be owned by a different landlord?

The Council could decide not to fund Midland Road back dated, and the owner or Combined Authority or Homes England could be looked at with a view to helping.

The Combined Authority have established a housing company, and there are other housing associations and private landlords in Peterborough, along with the Council who could build new homes. For example, in Eye.

The Leader of Council has indicated that they are waiting for an update on regulations concerning the funding of affordable homes, he's said we should know a few weeks from April 1st, perhaps we should await this review of regulations, to see whether the original funding inadvertently explored, can now be delivered..

	Name (please print)	Member of Which Scrutiny Committee	Signature	Date
1.	Darren Fower	Growth Environment and Resources Scrutiny Committee	Cllr Fower	28/05/2019
2.	Lucinda Robinson	Growth Environment and Resources Scrutiny Committee	Cllr Robinson via email	28/5/2019

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Approval of funding for the provision of accommodation to reduce homelessness
Councillor Steve Allen, Cabinet Member for Housing, Culture and Recreation
May 2019
Deadline date: n/a

Cabinet portfolio holder: Responsible Director:	Councillor Steve Allen, Cabinet Member for Housing, Culture and Recreation Adrian Chapman, Service Director Adults and Communities
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/17SEP18/02
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES Appendix 1 – Busines Case from Medesham Homes is commercially sensitive. Appendix 2 – Costs and Savings for PCC and contains Medesham LLP commercially sensitive information
Is this a project and if so has it been registered on Verto?	NO

R E C O M M E N D A T I O N S

The Cabinet Member is recommended to:

1. Approve a grant of £6,199,950 to Medesham Homes LLP, funded from Right to Buy Receipts, to enable the provision of 35 new affordable homes in Eye Green, Peterborough
2. Delegate authority to the Head of Sustainable Growth Strategy to replace some of the Right to Buy Receipts with S106 Affordable Housing Commuted sums should eligible s106 receipts subsequently become available to apply to this project.
3. Delegate authority to the Head of Sustainable Growth Strategy to replace £1,015,000 of the Right to Buy Receipts with S106 Affordable Housing Commuted sums for the Midland Road Scheme (JAN18/CAB/78)
4. Delegate to the Director of Law and Governance the authority to finalise and put in place any agreements and legal documentation necessary to give effect to these proposals, in consultation with the Corporate Director of Growth and Regeneration and the Acting Corporate Director, Resources;

1. PURPOSE OF THIS REPORT

- 1.1 This report is for the Cabinet Member for Housing, Culture and Recreation to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (b).
- 1.2 The attached report/background information is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating to the business affairs of the Council and Medesham Homes LLP. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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3. BACKGROUND AND KEY ISSUES

3.1 Summary of main issues

The background to this matter is set out in detail in JAN18/CAB/78 and JUL16/CAB/43 as a result of which the Council approved the creation of a Housing Joint Venture between the Council and Cross Keys Homes, namely Medesham Homes LLP (“Medesham”) to deliver new housing of all types and tenures at a range of scales as circumstances dictate. Full Council has allocated, through the 17/18 budget process, Invest to Save funding to Medesham. Funding from Right to Buy receipts and S106 commuted sums are available for affordable housing. Investment of monies was to be subject to the Council’s decision-making process in the usual way.

	£m
Council Resources via Invest to Save Budget	20.0
Right to buy Receipts	14.6
Unallocated S106 commuted sums	3.2
Original funding available	37.8
Additional Right to Buy Receipts 2016/17 and 2017/18 and 2018/19	3.7
Additional S106 commuted sums 2018/19	1.1
Original Funding plus new funding received	42.6
Right to Buy Receipt grants were approved in 2017/18 for Midland Road Scheme – from which £1m to be replaced by S106 commuted sums and is recommendation 3 of this report	(4.0)
Right to Buy Receipt grants were approved in June 2018 for the Fengate Scheme	(2.3)
Right to Buy Receipt grants were approved in September 2018 for the Belle Vue Stanground Scheme – from which £1m will be replaced by a Combined Authority grant or S106 commuted sums	(4.9)
Right to Buy Receipt grants were approved in December 2018 for the Bretton Court Scheme from which £1.1m will be replaced by a a Combined Authority grant or S106 commuted sums	(6.4)
Cancellation of the Fengate Scheme	2.3
Current Funds Available from which this scheme may be funded	27.3

3.2

Purpose of Report

JAN18/CAB/78 resolved to approve in principle the funding mechanisms and processes for managing the investment of previously agreed funding into Medesham.

This report therefore seeks the Cabinet Member's approval to award grant of £6.2m to Medesham Homes to enable the provision of 35 new affordable homes at Crowland Road, Eye Green for the purposes of increasing the supply of affordable housing in the Peterborough administrative area, helping address the demand for accommodation created as a result of the increase in homelessness.

The allocation of S106 money was not requested for the Midland Road scheme at the time of its approval as there was a grant claim submitted to the Cambridgeshire and Peterborough Combined Authority for this scheme. Unfortunately, although the grant was awarded, the Combined Authority's capacity was not in place to issue grant funding for affordable tenure and the scheme was completed before this was in place, therefore this CMDN is requesting the allocation of £1m S106 commuted sums to the Midland Road project. The allocation of this funding now will enable the equivalent amount of Right to Buy receipts grant to be returned to the Council and allow them to be allocated to other projects..

3.3

Time scale of payments for Crowland Road, Eye Green

First payment in May 2019 with a phased drawdown. The units are forecast to become available from October 2019 to July 2020.

3.4

Details of Decision required

The Cabinet Member is recommended to approve a grant of £6.2m to Medesham, funded by RTB receipts to enable 35 affordable homes to be provided on land at Crowland Road in Eye Green; and to delegate authority to Head of Sustainable Growth Strategy to replace some of the RTB receipts with S106 Affordable Housing Commuted sums should eligible receipts subsequently become available.

4. CONSULTATION

4.1 The decisions to invest Right to Buy receipts and Invest to Save funding were previously made in 2016/17 as part of the Council's budget process, and the decision to create Medesham was subject to a previous Cabinet Report and decision open to scrutiny in the usual way.

4.2 The issues associated with homelessness in Peterborough have been subject to significant discussion in various forums, including the Council's Adults and Communities Scrutiny Committee, Cabinet and Full Council.

5. ANTICIPATED OUTCOMES OR IMPACT

5.1 Medesham Homes will provide 35 new affordable homes which will be available to applicants on the Peterborough Housing Register. The provision of new affordable homes will support the Council to discharge its duties towards homeless households by providing settled accommodation. It will reduce costs being incurred by the Council through the provision of nightly paid temporary accommodation for households that the Council has a duty to assist.

6. REASON FOR THE RECOMMENDATION

6.1 On 25th July 2016, Cabinet approved Report JUL16/CAB/43 and resolved to

- Establish a joint venture Limited Liability Partnership with Cross Keys Homes (now

known as Medesham Homes)

- Agree that future grants from Section 106 Planning Receipts will be approved by the Corporate Director - Growth and Regeneration, except where they are intended to be given to the Housing Joint Venture in which case they will be approved by the Head of Service - Sustainable Growth Strategy
- Note the allocation of the Right to Buy receipts for the Housing Joint Venture as per the budget approval decision by Full Council for 2016/17.

On 15th January 2018, Cabinet approved the Report JAN18/CAB/78 and resolved to approve in principle the funding mechanisms and processes for managing the investment of previously agreed funding into Medesham Homes LLP. Paragraph 4.4.2 of that report sets out the funding process to determine investment into Medesham Homes on a case by case basis.

In accordance with Paragraph 4.4.4 of the Cabinet report JAN18/CAB/78, a review group has assessed the scheme outline and the business case provided by Medesham Homes for the land at Crowland Road, Eye Green and determined that it is acceptable. The business case is attached as Appendix 1

Section 8 of the Business Case refers to an analysis of costs and savings for PCC. This has been prepared by PCC and is attached at Appendix 2.

Continuing to provide temporary accommodation at the current rate is not sustainable for the Council nor is it sustainable for homeless households. These proposals seek to enable the Council to take greater control over the provision of accommodation for homeless households.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 Do not award funding to Medesham Homes.
This option was discounted. Cabinet has allocated the Right to Buy receipts for the Housing Joint Venture subject to the submission of an acceptable business case.

8. IMPLICATIONS

Financial Implications

- 8.1 The financial implications are as set out in paragraph 9.1 of JAN18/CAB/78.

For clarity in accordance with paragraph 9.1.1 of the Cabinet report, the funding for the Fengate project will be made available from Right to Buy Receipts and possibly S106 Affordable Homes commuted sums. An application for Combined Authority Grant funding will be made for this project.

Appendix 2 demonstrates that the provision of these 35 homes will generate savings from 2019/20 for PCC when compared to comparable B&B costs.

This project has been included within the MTFs 2019/20 to 2021/22 Tranche One and Tranche Two service proposals for Housing and Homelessness Prevention.

Legal Implications

- 8.2 The legal implications and the Council's ability to advance monies to Medesham were set out in paragraph 9.2 of JAN18/CAB/78. Each time the Council proposes to advance further monies to Medesham Homes LLP in accordance with the prescribed evaluation process, those legal implications are reviewed against the specific project under consideration. This review process has been carried out in connection with the Crowland Road, Eye Green Proposal in order to ensure the lawfulness of the project generally and

compliance with the Procurement Regulations and State Aid legislation in particular.

Equalities Implications

The equalities implications set out in Section 9 of JAN18/CAB/78 have been considered in relation to the Crowland Road, Eye Green project and no adverse implications have arisen.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

9.1 None.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

10.1 The Council's Medium Term Financial Strategy 2019/20
Cabinet Decision JUL16/CAB/43
Cabinet Decision JAN18/CAB/78

11. APPENDICES

11.1 Appendix 1 – Business Case from Medesham Homes - EXEMPT
Appendix 2 – Analysis of costs and savings for PCC - EXEMPT

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Decision details

Approval of funding for the provision of accommodation to reduce homelessness - MAY19/CMDN/01

- [Find out more about this issue](#)

Decision Maker: Cabinet Member for Housing, Culture and Recreation

Decision status: Recommendations Approved (subject to call-in)

Is Key decision?: Yes

Is subject to call in?: Yes

Purpose:

The appendices are NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating to the business affairs of the Council and Medesham Homes LLP. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it

The Cabinet Member:

1. Approved a grant of £6,199,950 to Medesham Homes LLP, funded from Right to Buy Receipts, to enable the provision of 35 new affordable homes in Eye Green, Peterborough
2. Delegated authority to the Head of Sustainable Growth Strategy to replace some of the Right to Buy Receipts with S106 Affordable Housing Commuted sums should eligible s106 receipts subsequently become available to apply to this project.
3. Delegated authority to the Head of Sustainable Growth Strategy to replace £1,015,000 of the Right to Buy Receipts with S106 Affordable Housing Commuted sums for the Midland Road Scheme (JAN18/CAB/78)
4. Delegated to the Director of Law and Governance the authority to finalise and put in place any agreements and legal documentation necessary to give effect to these proposals, in consultation with the Corporate Director of Growth and Regeneration and the Acting Corporate Director, Resources;

Reasons for the decision:

On 25th July 2016, Cabinet approved Report JUL16/CAB/43 and resolved to

- Establish a joint venture Limited Liability Partnership with Cross Keys Homes (now known as Medesham Homes)
- Agree that future grants from Section 106 Planning Receipts will be approved by the Corporate Director - Growth and Regeneration, except where they are intended to be given to the Housing Joint Venture in which case they will be approved by the Head of Service - Sustainable Growth Strategy
- Note the allocation of the Right to Buy receipts for the Housing Joint Venture as per the budget approval decision by Full Council for 2016/17.

On 15th January 2018, Cabinet approved the Report JAN18/CAB/78 and resolved to approve in principle the funding mechanisms and processes for managing the investment of previously agreed funding into Medesham Homes LLP.

Paragraph 4.4.2 of that report sets out the funding process to determine investment into Medesham Homes on a case by case basis.

In accordance with Paragraph 4.4.4 of the Cabinet report JAN18/CAB/78, a review group has assessed the scheme outline and the business case provided by Medesham Homes for the land at Crowland Road, Eye Green and determined that it is acceptable. The business case is attached as Appendix 1

Section 8 of the Business Case refers to an analysis of costs and savings for PCC. This has been prepared by PCC and is attached at Appendix 2.

Continuing to provide temporary accommodation at the current rate is not sustainable for the Council nor is it sustainable

for homeless households. These proposals seek to enable the Council to take greater control over the provision of accommodation for homeless households.

Alternative options considered:

Do not award funding to Medesham Homes.

This option was discounted. Cabinet has allocated the Right to Buy receipts for the Housing Joint Venture subject to the submission of an acceptable business case.

Interests and Nature of Interests Declared:

None.

Background Documents:

The Council's Medium Term Financial Strategy 2019/20

Cabinet Decision JUL16/CAB/43

Cabinet Decision JAN18/CAB/78

Publication date: 22/05/2019

Date of decision: 22/05/2019

Date comes into force if not called in: 29/05/2019

Call-in deadline date: 28/05/2019

Accompanying Documents:

- [CMDN Eye Green May 2019 - PUB](#)  PDF 167 KB

GROWTH, ENVIRONMENT AND RESOURCES COMMITTEE	AGENDA ITEM No. 5
13 JUNE 2019	PUBLIC REPORT

Report of:	Adrian Chapman Service Director Adults and Communities; Dave Anderson Interim Development Director	
Cabinet Member(s) responsible:	Cabinet Member for Housing, Culture and Recreation	
Contact Officer(s):	Dave Anderson, Interim Development Director	Tel. 452468

RESPONSE TO CALL-IN OF EXECUTIVE DECISION FOR APPROVAL OF FUNDING FOR THE PROVISION OF ACCOMMODATION TO REDUCE HOMELESSNESS. MAY19/CMDN/01

R E C O M M E N D A T I O N S	
FROM: Cabinet Member for Housing, Culture and Recreation	Deadline date: N/A
<p>It is recommended that the Growth, Environment and Resources Scrutiny Committee:</p> <ol style="list-style-type: none"> 1. Notes that Peterborough City Council is facing major pressures on its revenue budget due to the growing demand for affordable rented housing in the city and the high volume of applications it is receiving from households at risk of homelessness. 2. Notes that as at 3 June 2019 there were 392 households in temporary accommodation in the city including 98 in Bed & Breakfast which has an average cost to the Council of £386 per week. 3. Notes the actions being taken by the Council, as set out in this report, to improve the supply of affordable housing and reduce the cost pressures of temporary accommodation on the Council's budget. 4. Notes that the proposal to allocate £6,199,950 to Medesham Homes will enable Medesham to take on a private development at Eye Green and provide 35 new homes for affordable rent. 5. Notes that the proposed retrospective replacement of £1,015,000 of Right to Buy receipts for the Midland Road development, with S106 monies is an internal accounting transaction. This will have a zero net impact on the Council's budget. It will however, protect Right to Buy funds which offer the Council some flexibility for use as match funding to Combined Authority and other funding sources. 6. Supports the Cabinet Member's decision to allocate £6,199,950 to Medesham Homes to enable the Crowland Road Eye Green project to proceed. 	

1. ORIGIN OF REPORT

1.1 This report follows a call in request of the Cabinet Member Decision Notice report of May 2019 titled "Approval of funding for the provision of accommodation to reduce homelessness". The original report was drafted for Cllr David Seaton, then Cabinet Member for Resources, prior to the changes in Cabinet which saw responsibility for housing and homelessness matters transfer to Cllr Steve Allen.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The report is being presented following a call in request by Councillors Fower and Robinson.
- 2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference No. Part 3, Section 4 - Overview and Scrutiny Functions, paragraph 3, Scrutiny, sub paragraph 3.3 Hold the Executive to account for the discharge of functions in the following ways:
- (f) By exercising the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive or key decisions which have been delegated to an officer;
- 2.3 The report is linked primarily to the Council's priorities for growth and regeneration.
- 2.4 There is no direct link to the Children in Care Pledge. However, the report will bring about additional affordable housing and help to alleviate the pressures faced by families living in temporary accommodation in B&B and hostel units.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

- 4.1 Peterborough City Council is experiencing major financial pressures as a result of rising demand for affordable rented accommodation in the city. There are over 3,500 applicants on the Council's Housing Register and 392 households currently in temporary accommodation. The cost burden on the Council is substantial and needs to be addressed by boosting the long term supply of new affordable housing to bring it closer in line with demand. The proposed Crowland Road, Eye Green scheme will provide 35 new homes saving the Council around £700k in costs that might otherwise require to be spent on B&B accommodation.
- 4.2 This report responds specifically to the 'call in' request for scrutiny of the proposal to grant £6,199,950 funded from Right to Buy receipts for 35 new affordable homes at Eye Green; it also deals with the separate proposal in relation to the Midland Road Scheme (JAN18/CAB/78) to replace £1,015,000 of Right to Buy receipts with an equivalent budget from S106 Affordable Housing funding (a commuted sum).
- 4.3 The proposal for the Council to provide funding from historic right to buy receipts to enable the development of 35 homes for affordable rent at Crowland Road, Eye Green relates to Cabinet decision JUL16/CAB/43 to support new affordable housing development in Peterborough through Medesham Homes the Council's 50:50 Joint venture housing development company with Cross Keys Homes that was set up in November 2016. That report established Medesham Homes as a delivery route for developing new affordable homes drawing upon right to buy receipts and S106 planning contributions. Medesham Homes has subsequently developed a pipeline of new affordable housing units.
- 4.4 29 units were completed at Midland Road towards the end of 2018. Developments are also in progress including Belle Vue, Stanground where the Combined Authority has now approved a grant contribution £35k per unit for 21 homes and at Bretton Court. The planned development at Eye Green is an opportunistic acquisition by Medesham Homes of a private housing scheme that had already received detailed planning approval and gone through the full normal public consultation process. The opportunity to acquire the development and convert it to a 100% affordable rent scheme was identified following discussions between Council Officers and the developer Lodge Park. Crowland Road Eye Green is a location in which there is already mixed tenure with established affordable housing in locality, managed by Cross Keys Homes.

- 4.5 Medesham Homes was invited to appraise the opportunity at the Crowland Road site in Eye Green and to make appropriate changes to ensure the final specification was suitable for the affordable rent market. A commercial agreement on the terms of potential acquisition was reached between Medesham Homes and Lodge Park ensuring good value for money. Once this had been agreed, Medesham Homes contacted the Council to seek the investment of historic right to buy receipts as set out in the Cabinet report.
- 4.6 The use of right to buy receipts to support the delivery of new affordable homes is part of a multi stranded approach to the delivery of additional affordable housing in the city. Other initiatives include the acquisition of suitable homes from the open market for use as temporary accommodation from a £10m invest to save budget approved for this purpose in August 2018. 51 homes have subsequently been purchased in a range of locations across the city. Further acquisitions will be made from the remaining £1.4m budget.
- 4.7 Approval was also granted for the Council to take on 5 year lease agreements from private landlords for use as temporary accommodation.. To date, 35 leased units have been acquired for this purpose.
- 4.8 In addition the Council is using 9 properties that were acquired on Cromwell Road as part of land assembly planning for the regeneration of North Westgate as temporary accommodation pending the commencement of work on that scheme. The Council also has a range of agreements in place to lease accommodation through property companies and landlords e.g. at St.Michael's Gate and Elizabeth Court.
- 4.9 Despite the efforts made by the Council to boost the supply of affordable rented accommodation in the city demand has continued to rise. The supply of new units through choice based lettings from Registered Providers and delivered by private developers through S106 affordable housing obligations has fallen in recent years against a background in which Peterborough is experiencing steady population growth. The city's population is forecast to rise from just under 200,000 to around 230,000 by 2036. The new local plan anticipates a need for 17,600 new homes over this period.
- 4.10 The shortage of affordable housing in the city is placing a serious strain on the Council's revenue budget. As at 3 June 2019 there were over 3,500 people on the Council's Housing Register and 388 households in temporary accommodation, of which 97 were in B&B accommodation; this form of accommodation averages over £380 per household per week and places a significant cost pressures on the Council's revenue budget using up resources that could fund other Council services.
- 4.11 The development of 35 new affordable family homes at Crowland Road, Eye Green will provide a modest boost to housing supply in the city ensuring new units that can remain in the affordable rented sector of the market over the long term adding to the city's current stock of 17,222 homes in that sector.
- 4.12 The decision at Crowland Road, Eye Green was a binary choice: either to acquire the homes for use as affordable rented units or enable the scheme to progress as a private development. Had the Council not intervened and sought to involve Medesham Homes to deliver an affordable housing development most of the homes would have sold on the open market excluding those delivered through the S106 obligation. The do nothing option would have produced only 5 units for affordable rent and a further 5 shared equity units. However, as noted above the Council is pursuing a wide range of options for improving the supply of affordable housing across the city. Officers are also currently appraising the business case for reintroducing a Housing Revenue Account.
- 4.13 In relation to Recommendation 3 of the May 2019 CMDN report - the proposed replacement of Right to Buy receipts at Midland Road with S106 Affordable Housing Commuted Sums - this proposal was made to protect the available Right to Buy pot. Right to Buy monies offer greater flexibility than S106 commuted sums in that they can be used as match funding in the case of

applications for grant funding from the Combined Authority. A grant application had been made to the Combined Authority for the Midland Road scheme. The Business Case anticipated the use of Right to Buy receipts if CA grant funding was available but also allowed for the use of S106 commuted sums. In the event the Combined Authority was unable to provide match funding for the Midland Road scheme due to a legal technicality around the definition of the term affordable rent which has a specific meaning in relation to Homes England grant funding. The Combined Authority has since resolved this problem by working with the Ministry of Housing, Communities and Local Government to effect necessary legislative changes to enable it to support schemes for affordable rent which it has now done in the case of Medesham Homes Belle Vue Stanground proposals. The preservation of Right to Buy receipts for future match funding purposes will enable the Council to support further affordable rent schemes developed by Medesham and has no impact on the Council's overall resources.

5. CONSULTATION

- 5.1 Both the Crowland Road, Eye Green and Midland Road schemes were subject to detailed planning applications which entailed the public consultation process required for such developments. There was no specific additional consultation with ward members as any issues that emerged in the course of consultation were dealt with in the course of the planning process.
- 5.2 In the event that local members wish to receive further information about the Crowland Road Eye Green proposals a meeting can be arranged with representatives of Medesham Homes. There have been no external changes to the houses but some minor modifications internally to ensure greater flexibility e.g. for wheelchair users.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The proposal to develop Crowland Road Eye Green will provide 35 much needed affordable rented homes for Peterborough. The proposal to substitute Right to Buy receipts at Midland Road with S106 commuted sums for affordable housing is an accounting treatment that has no net impact on the Council's budget but will allow greater flexibility in the use of Right to Buy receipts to support grant applications for future affordable housing schemes.

7. REASON FOR THE RECOMMENDATION

- 7.1 The reason for the recommendations remain as set out in para 6.1 of the May 2019 CMDN report.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The only alternative option at Eye Green is to do nothing. This option was ruled out as it would only produce 5 units for affordable rent.

The only other option in relation to Midland Road would be to retain Right to Buy receipts in the budget for that scheme. This would reduce the Council's flexibility in the use of funds to make grant applications for future affordable housing schemes.

9. IMPLICATIONS

Financial Implications

- 9.1 The financial implications are set out in para 8.1 of the May 2019 CMDN report.

Legal Implications

- 9.2 The legal implications and the Council's ability to advance monies to Medesham Homes for such developments are set out in para 9.2 of JAN18/CAB/78 and remain as set out in para 8.2 of the May 2019 CMDN report.

Equalities Implications

- 9.3 There are no adverse equalities implications relating to these proposals.

Rural Implications

- 9.4 New housing at Crowland Road Eye Green will help support the sustainability of an existing semi-rural settlement.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Executive Decision: Approval Of Funding For The Provision Of Accommodation To Reduce Homelessness - MAY19/CMDN/01

11. APPENDICES

- 11.1 None

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