

**MINUTES OF THE SHAREHOLDER CABINET SUB-COMMITTEE MEETING
HELD AT 11:00AM, ON
MONDAY, 27 JANUARY 2020
BOURGES/VIERSEN ROOM, TOWN HALL, PETERBOROUGH**

Members Present: Councillor Fitzgerald (Chair), Councillor Allen, Councillor Cereste, Councillor Seaton

9. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Walsh.

10. DECLARATIONS OF INTEREST

There were no declarations of interest received.

11. MEDESHAM HOMES LLP

The Shareholder Cabinet Committee received a report in relation to Medesham Homes LLP.

The purpose of this report was to provide the Shareholder Cabinet Committee with an update on Medesham Homes activities and achievements and provide an overview of the options under consideration for the future of the company's operations and governance arrangement.

Clare Higgins and Howard Bright, Medesham Homes LLP Board Members, addressed the Shareholder Cabinet Committee and advised that the Board was happy with the company's position and would like to see investment continue, subject to suitability. Two points of concern were raised in relation to whether the Housing Revenue Account (HRA) being explored by the Council would inadvertently create competition with Medesham Homes, and whether creating areas where homeless individuals were housed en-masse was not the best way to develop sustainable communities and support those who have been homeless.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- Members were advised that due to the fact that Medesham Homes LLP was not a public body it was not subject to any right to buy requirements. It was further noted that Cross Keys Homes allowed people to accumulate years within the right to acquire scheme, which was different to right to buy.
- The broader context of the report was discussed, including the Council's previous discussion around investigating the possibility of an HRA and that this was not a move towards competing with Medesham Homes, or to become an operational housing company.
- It was noted that work was continuing to progress work with housing demand needs, which has reduced the number of residents in bed and breakfasts and temporary accommodation.
- Members asked for the Medesham Homes business plan to be shared with them.

- It was suggested that the most appropriate funding would depend on the direction that Medesham Homes took in the future, and future business plans would be developed in line with this.
- The Board Members believed that option number 4 was the best option for the future of the company.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

- Note the progress that has been made by Medesham Homes LLP in delivering affordable rented homes in Peterborough;
- Note that in the near future it will no longer be possible to finance the development undertaken by Medesham Homes from historic right to buy receipts;
- Agree to pursue option 4 as set out in the report for the future operation of the company for discussion and agreement with the Council's JV partner that Medesham Homes LLP's existing Business Plan be circulated to Shareholder Cabinet Committee members.

REASONS FOR THE DECISION

The Council remained committed to the objective of delivering affordable housing in Peterborough. Medesham Homes had demonstrated an ability to do so on sites that would be unattractive to private housebuilders and offered added value to the Council and Cross Keys Homes as a delivery vehicle.

Once London Road had been completed it was estimated that the company would have a vacant possession asset value of between £25m - £30m. This would produce a capital receipt for each partner of between £12.5m - £15m. Tenanted in use valuation would likely be circa £5/7m. In any event, such a sale would likely trigger a default of the CPCA grant funding agreement requiring repayment of around £4m. There may also be a requirement that any receipt may still be subject to ring-fencing for affordable housing. Whilst the Council could use such a receipt to fund non housing projects, or to reduce its debts, the pressures to deliver more affordable housing in the Peterborough were unlikely to recede given the city's forecast population growth in the coming decade. It was therefore argued that, subject to agreement with CKH on future governance and future financing from each of the JV partners, Medesham Homes should continue to pursue its mission of delivering affordable homes.

ALTERNATIVE OPTIONS CONSIDERED

The primary alternative option would be to wind up the company and sell off its assets or for one of the partners to buy out the other. The pursuit of such an option would deny the Council the opportunity to deliver additional affordable homes harnessing the expertise of CKH and the resources that have been brought together through the Medesham Homes joint venture. By continuing to use Medesham as a joint venture delivery vehicle, borrowing against existing assets, attracting grant funding and injecting additional debt finance the Council would be able to play an important role in securing affordable housing delivery, in particular on sites that the private sector may be unwilling or unable to take forward.

12. EMPOWER PETERBOROUGH

The Shareholder Cabinet Committee received a report in relation to Empower Peterborough.

The purpose of this report was to provide an overview of the Empower Peterborough project and an update on the progress of the loan re-financing to a long term funder.

The Acting Corporate Director for Resources, addressed the Shareholder Cabinet Committee and advised that the Council entered into an agreement with Empower Community Management LLP with an investment of £23 million. This resulted in 7,700 installations of solar panels in residential properties. The Council's loan was fully secured on these assets and was originally due in March 2018, however the refinancing options were not considered acceptable. Currently an agreement was being sought with Global Tower Solutions (GTS), with a business model being approved.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- Members discussed the possibility of a new type of batter, which would benefit GTS should they introduce this.
- The Council had only funded the start up costs for the scheme, it was now up to the operator to replace and repair the assets when necessary.
- It was noted that the revenue stream for the Council would continue even if the solar panels were replaced.
- Comment was made that the costs to the Council during the negotiation period for the financial agreement had also been covered.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the contents of the report.

REASONS FOR THE DECISION

The reason for the recommendation was to ensure the Shareholder Cabinet Committee understood the Empower project and progress on the Empower loan refinance progress.

ALTERNATIVE OPTIONS CONSIDERED

An alternative option was not to present this report to the Shareholder Cabinet Committee. This option was not taken forward as it was important to update the Committee on the Empower partnership and the loan refinance progress.

13. SHAREHOLDER CABINET COMMITTEE WORK PROGRAMME

The Shareholder Cabinet Committee reviewed their work programme and it was noted that there had been some confusion around the planned returned of the NPS Peterborough report. This was currently in draft form and due to be finalised before March. Members felt that the report should be circulated in its current form and the final version should be presented at the March meeting, or earlier if necessary.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the latest version of the work programme, with the following amendment:

2 March 2020

The addition of 'NPS Peterborough', though an extraordinary meeting would be scheduled earlier if felt necessary, following circulation of the draft report to Members.

Chairman

11:00am – 12:08am
27 January 2020