



**MINUTES OF A MEETING OF THE STRONG AND SUPPORTIVE COMMUNITIES
SCRUTINY COMMITTEE HELD AT THE COUNCIL CHAMBER, TOWN HALL
ON 19 OCTOBER 2016**

Present: Councillors S Allen (Chairman), J Bull, R Bisby, D King, S Martin, A Ali, A Shaheed

Also Present: Councillor JR Fox, Group Leader, Werrington First
Councillor Seaton, Cabinet Member for Resources
Councillor Walsh, Cabinet Member for Communities and Environment
Councillor Fower
Councillor Davidson
Councillor Johnson
Councillor Murphy
Councillor John Fox, Group Leader, Werrington First

Officers Present: Adrian Chapman, Service Director, Adult Services and Communities
Simon Machen, Corporate Director, Growth and Regeneration
Sean Evans, Housing Needs Manager
Belinda Child, Head of Housing, Prevention and Wellbeing
Alison Stuart, Assistant Director Legal and Democratic Services
Jennifer Harris, Legal Services
Paulina Ford, Senior Democratic Services Officer

1. Apologies for Absence

No apologies for absence were received.

2. Declarations of Interest and Whipping Declarations

There were no declarations of interest or whipping declarations.

The Chairman read out the procedure for the meeting.

3. Request for Call in of an Executive Decision: Lease with Stef and Philips Limited for the use of St. Michael's Gate, Parnwell, as Interim Accommodation for Homeless Families - SEPT16/CMDN/62

The purpose of the meeting was to consider the call-In request that had been made in relation to the decision made by the Cabinet Member for Resources on 30 September 2016 relating to the lease with Stef and Philips Limited for the use of St. Michael's Gate, Parnwell, as interim accommodation for homeless families

The request to call-In this decision was made on 5 October 2016 by Councillor Fower and supported by Councillor Sandford and Councillor Davidson. The decision for call-In was based on the following grounds:

Criteria 4. The decision does not follow the principles of good decision making set out in Article 11 of the Council's Constitution, specifically which 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.
- (d) Act for proper purpose and in the interests of the public.
- (h) Be responsible for their decisions and be prepared to give reasons for them.

After considering the request to call-in and all relevant advice, the Committee were required to decide either to:

- (a) not agree to the request to call-in, when the decision shall take effect;
- (b) refer the decision back to the decision maker for reconsideration, setting out its concerns; or
- (c) refer the matter to full Council.

In support of the request to call-in the decision Councillor Fower, Councillor Sandford and Councillor Davidson made the following points:

- Ward Councillors and residents were not consulted and only found out about the lease when it was published in the media.
- The Council had looked into buying the houses in May but this was not included in the alternative options if only as a reference.
- It had not been taken into account what the impact would be on the residents and also their employment status. The public did not feel that the Council had acted in their interest and had only acted in the interest of the Council.
- Why had the Council not offered the residents affected a repayment loan? An offer to pay peoples deposits for alternative accommodation would have been a gesture of good will.
- Stories about Luton Council possibly taking on the lease with Stef and Philips had not been in the interest of the public.
- The proposed term of the lease is for 3 years but what had been put in place to stop Stef and Philips doing a deal with someone else after the 3 years and why was there a break clause after 2 years?
- When would the Council expect to start housing people in St Michael's Gate?
- The Government had just announced that £M's were now available for homelessness and some of that money can be used for people facing imminent homelessness. Were the Council aware of this?
- Had the requirements contained in the European Convention of Human Rights been considered?
- Had an outright purchase of the properties from Stef and Philips been considered by the Council? Or as an alternative the Council could continue to pay Stef and Philips the agreed amount minus the rental charges which they would continue to pay as part of a purchase agreement. At the end of the initial contract the Council could pay the balance on the values of the properties remaining, and by doing so allow the Council to enter into another agreement to make the final settlements to complete a more sustainable purchase. This would therefore allow the tenants to remain homed with a rent to buy scheme with the Council.
- What measures had the Council got in place to address the homeless issue and ensure a more strategic approach to preventing homelessness more effectively working with other external agencies.
- Will the Council or Stef and Philips be looking at offering some remuneration back to the affected families to assist with costs associated with relocating.
- What is the actual amount of funds being saved? If there are any savings is the Council using the savings to come up with a long term solution to ease homelessness.

- Can the Council negotiate a freeze on tenant evictions with Stef and Philips whilst all options are being considered to manage more effective outcomes for St Michaels Gate residents.
- By evicting tenants at St Michael's Gate it would appear that they are being made homeless in order to provide housing for the homeless. This would not appear to be acting in the interests of the public.
- This particular scheme is to achieve savings but is a scheme to far and should not be happening.
- By condoning the action of Stef and Philips it may attract other companies in Peterborough to act in the same way.
- The alternative options listed in the report were limited and further alternatives should have been looked at including other private sector housing and other providers to see if there was any other housing available that did not involve evicting tenants.

Members of the Public and Ward Councillors who had registered to speak in support of the call-in were then invited to address the Committee.

Councillor Jo Johnson addressed the Committee and made the following points:

- The situation was immoral and unworkable. Alternative solutions needed to be looked at.
- Discussions between the previous owners and the Council should have been more transparent.
- The situation was the fault of the Government who have made it possible for firms such as Stef and Philips Limited to take advantage of local Councils.
- Stef and Philips Limited did not have vacant possession of the properties. Each resident had a different tenancy agreement which ran out at different times. Some of the families may have to move out of Peterborough due to the lack of affordable private accommodation.
- It had been quoted that if Peterborough City Council did not take on the lease at St Michael's Gate then Luton Borough Council would. The Leader of Luton Borough Council had confirmed that this was not the case and they would not be sending their homeless to Peterborough.
- A letter had been sent from Peterborough City Council to the residents of St Michael's Gate saying that if they did not take on the properties then another authority would. There was no proof of this.
- If evictions did continue to take place then families should be given compensation of £2000 per family to assist with their relocation costs.
- The Government should be written to asking them to change the law regarding companies that purchase tenanted homes that are only in it for a financial gain and are subsidised by the Government.
- In support of the call-in Councillor Johnson recommended to the Committee that they recommend that the Council halt all discussions with Stef and Philips and anyone representing the owners of the St Michael's Gate properties until they had gone down the route of the lawful eviction process and had complete vacant possession, or decide to let existing residents remain in their homes or refer to Full Council for debate.

Johnathan Wilde, representing South and East Branch of Peterborough's Labour Party addressed the Committee and made the following points:

- Mr Wilde explained that he had spent 34 years in property as a building designer, construction surveyor and project management consultant. He had visited St Michael's Gate twice and noted that 5 properties had become vacant, 2 of which had been altered to increase the number of bedrooms within the original building footprint.

- Mr Wilde further explained the guidelines for construction of the original development which he believed to be in accordance with the Parker Morris standard and that the properties were meant for families not to create houses of multiple occupation (HMO).
- The alterations raised concern as to their compliance with building standards for HMO's although Mr Wilde had not been party to any inspection.
- Mr Wilde supported the call-in and requested that the proposals be reconsidered and placed before Full Council on the grounds that the means to provide the desired housing solution had not been fully considered in terms of an impact assessment, cost, and compliance of the safety regulations and the protocols of building legislation.

Leah Robb addressed the Committee and made the following points:

- Stef and Philips core values are to deliver services that support tenants, to provide care and respect the right of individuals. Stef and Philips had not respected any of the affected individuals by evicting them.
- Had the Council had any response from Stef and Philips following the opposition of the arrangement with the Council and Stef and Philips?

Councillor Murphy addressed the Committee and made the following points:

- The response to the call-in had stated that no other options were looked at.
- Councillor Murphy advised that he had circulated a paper with alternative options and had discussed it with the Cabinet Member for Resources an example of which was Private Sector Leasing Schemes.
- The Council could ask local landlords if they wanted to offer properties up on a fixed term tenancy for at least a year with a guaranteed rent. The Council could then use them as emergency or temporary accommodation.
- It had been mentioned that not to go ahead with the decision would cost the Council £1.9M but this had not been fully explained.
- Some of the tenants at St Michael's Gate had fixed term tenancies ending next year, therefore the properties would not become immediately available.
- There was no proof that another Council would take the properties if Peterborough City Council did not.
- Councillor Murphy urged the Council not to go ahead with the scheme and to support the residents of St Michael's Gate.

Councillors Fower, Davidson and Sandford responded to comments and questions raised by Members of the Committee. A summary of responses included:

- Councillor Davidson did not feel that Stef and Philips had acted appropriately or legally and felt that the decision was based on monetary value and what they could get out of the Council. Councillor Davidson advised that her statement was based on the 74 families that were affected.
- The Committee sought Legal Advice to confirm that the families were going to be made subject to vacant position orders irrespective of whether the Council signed the lease with Stef and Philips or not.
- The Legal Officer advised that Stef and Philips as legal owners of the properties were entitled to take whatever action they felt they wanted to as landlords.
- 2018 was the latest date of the last tenancy agreement in force.

There being no further questions from the Committee Councillor Seaton, Cabinet Member for Resources accompanied by the Service Director for Adults and Communities, Councillor Walsh, Cabinet Member for Communities and Environment Capital, Corporate Director for Growth and Regeneration, Head of Housing, Prevention and Wellbeing and the Housing

Needs Manager was invited to respond in answer to the call-In request. A summary of responses included:

- Any planning issues would be addressed by the planning department.
- The Cabinet Member for Resources understood the concerns of the tenants and Council colleagues regarding the issue.
- The decision was based on the following two key factors:
 - Stef and Philips would evict the tenants whatever action the Council took.
 - If Peterborough City Council did not sign the contract with Stef and Philips homeless people from another Council would move to this area.
- Stef and Philips had confirmed that they were already in discussion with ten other Councils who might be interested in using the properties at St Michael's Gate. This would bring significant pressure to bear on services that were already under pressure in Peterborough. There was therefore only two options to consider when making the decision which was either to enter into a lease or not to enter into a lease.
- The business model that Stef and Philips were using was to purchase property, seek vacant possession where that property was occupied, refurbish it and then lease it to a Council with a homeless challenge. The Service Director, Adult Services and Communities read out an extract from an email from the Business Development Director at Stef and Philips which set out the actions they had taken and would be taking in relation to the properties at St Michael's Gate confirming the business model.
- The sale to the new owners was in no way associated with the Council agreeing to work with them. Stef and Philips had approached the Council, the Council did not approach Stef and Philips and they had exchanged on the sale of the properties prior to contacting the Council.
- Whilst it was a difficult situation the Council had no real choice but to make the decision.
- The Council were not making anyone homeless and the action being taken was by the owner of the properties.
- In terms of the Councils statutory duties regarding homelessness there may be assistance that could be provided to the residents which may include providing them with temporary accommodation. It was feasible that this accommodation may well be at St Michael's Gate. The length of the temporary accommodation would vary according to each situation.
- Members sought clarification as to the cost to the Council should the properties at St Michael's Gate not be leased to Peterborough City Council. Members were referred to paragraph 5.9.3 of the report in response to the call-in which indicated a net effect pressure of £1.9M per annum which was based on the average cost of bed and breakfast or hotel accommodation and the limited amount of subsidy the Council received back from the Government because the accommodation was not self-contained. This was an important factor that dictated the amount of grant received back from Government to the Council to top up the amount of housing benefit that was paid out. There would also be an impact on the education and health services.
- Members were reminded that the action being taken with regard to St Michael's Gate was not being taken by the Council but by a completely independent company who had no relationship with the Council at the present time. Once it had become clear through discussions with Stef and Philips what their business model was the Council had made contact with the residents to offer support by encouraging them to contact the Housing Team. Other Councillors and local ward Councillors had also been briefed and also the media. The Service Director, Adult Services and Communities acknowledged that Councillor Johnson had not been briefed and apologised for this. The issue had also been taken to the budget working group.
- All residents had the right to remain in their accommodation until the court ordered them to give possession to the landlord. There was a three stage process that the landlord had to go through to get an eviction.

- There were other companies offering the same business model and the Council had been contacted about properties being offered for lease in other cities but the Council had declined.

There being no further questions from the Committee and after debating the request to call-in the decision the Committee took a vote on whether to agree to the request to call-in the decision or not.

The Committee voted in favour of NOT agreeing to the request to call-in the decision (4 in favour, 3 against, 0 abstentions)

ACTION

The request for call-in of the decision made by the Cabinet Member for Resources on 30 September 2016, regarding the lease with Stef and Philips Limited for the use of St. Michael's Gate, Parnwell, as interim accommodation for homeless families was considered by the Strong and Supportive Communities Scrutiny Committee. Following discussion and questions raised on each of the reasons stated on the request for call-in, the Committee did **not** agree to the call-in of this decision on any of the reasons stated.

It was therefore recommended that under the Overview and Scrutiny Procedure Rules in the Council's Constitution (Part 4, Section 8, and paragraph 13), implementation of the decision would take immediate effect.

The meeting began at 7.00pm and ended at 8.07pm

CHAIRMAN