

**DECISION TITLE: Approval of funding for the provision of accommodation to reduce homelessness**

**Councillor David Seaton, Cabinet Member for Resources**

**December 2018**

**Deadline date: n/a**

Cabinet portfolio holder: Responsible Director:	Councillor David Seaton, Cabinet Member for Resources  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/23JULY18/02
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES Appendix 1 – Business 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

**RECOMMENDATIONS**

The Cabinet Member is recommended to:

1. Approve a grant of £6.385m to Medesham Homes LLP, funded from Right to Buy Receipts, and S106 receipts to enable the provision of 42 affordable homes in 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
3. Delegates 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 Cabinet Member for Resources 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 (a).
- 1.2 The attached report/background information is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating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?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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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 LLP. 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.

	<b>£m</b>
Council Resources via Invest to Save Budget	20.0
Right to buy Receipts	14.6
Unallocated S106 commuted sums	3.2
<b>Original funding available</b>	<b>37.8</b>
Right to Buy Receipt grants were approved in 2017/18 for Midland Road	(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	(4.9)
Additional Right to Buy Receipts 2016/17 and 2017/18	2.5
<b>Current Funds Available</b>	<b>29.1</b>

*\*Applications have been made to the Combined Authority for grant funding, which if approved will reduce the Council grant.*

### **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 £6.385m to Medesham Homes to enable the provision of 42 affordable homes 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 intention is to convert Bretton Court, a currently an unused commercial building into residential accommodation. Additional costs will be incurred to accomplish this, notably the cost of removal of asbestos.

The sale transaction includes some ground floor commercial units necessary to provide Medesham Homes with title to the block as a whole. These will be immediately leased back to the Council on a 125 year lease for the nominal sum of £1 and are incidental to the transaction the primary purpose of which is to secure 42 residential units for use as affordable housing.

#### **Time scale**

First payment in December 2018 with a phased drawdown. The units are forecast to become available from February 2020 to September 2020.

#### **Details of Decision required**

The Cabinet Member is recommended to approve a grant of £6.385m to Medesham, funded by RTB receipts to enable 42 affordable homes to be provided at Bretton Court to reduce homelessness and to delegate authority to Head of Sustainable Growth Strategy to replace some of the RTB receipts with S106 Affordable Housing Commuted sums as 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 42 affordable homes, which will be available to applicants on the Peterborough Housing Register. The provision of these additional 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 this project at Bretton Court and has 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 project will be made available from Right to Buy Receipts and 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 42 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 service proposals for Housing and Homelessness Prevention, and is included within item 6 of the 10 key actions:

	2018/19 £000	2019/20 £000	2020/21 £000
Net Saving on accommodation costs	0	(224)	(244)
Net cost/(saving) after capital financing costs	70	(109)	(129)
Budget Tranche 1 Savings proposal for Housing and Homeless Prevention	(154)	(1,079)	(1,289)

### 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 this scheme 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 project and no adverse implications have arisen.

### **9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED**

- 9.1 This decision would typically be taken by the Cabinet Member for Growth, Planning, Housing, and Economic Development. Councillor Hiller, however, occupies a seat on the Medesham Board and this would therefore result in a conflict of interest. As such, the decision has been allocated to Councillor Seaton.

### **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 2018/19

### **11. APPENDICES**

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