

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

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- 1.2 The attached report/background information is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating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?	<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. 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>
Additional Right to Buy Receipts 2016/17 and 2017/18 and 2018/19	3.7
Additional S106 commuted sums 2018/19	1.1
<b>Original Funding plus new funding received</b>	<b>42.6</b>
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
<b>Current Funds Available from which this scheme may be funded</b>	<b>27.3</b>

## 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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