

Minutes of a meeting of the **PERFORMANCE MONITORING PANEL** held in line with The Local Authorities & Police & Crime Panels (Coronavirus) (Flexibility of Local Authority & Police & Crime Panel Meetings) (England & Wales) Regulations 2020, on Tuesday, 9 February 2021 at 5.00 pm.

PRESENT

B Alcock (Chairman)
M D Booth (Vice-Chairman)

J R Astill
C J T H Brewis
T A Carter
A C Cronin

M Hasan
J L King
J D McLean
N H Pepper

P A Redgate
A C Tennant
J Tyrrell
S C Walsh

In Attendance: Councillors Beal and Rudkin, the Portfolio Holder for Assets and Planning, the Executive Manager for Growth, the Executive Manager for Governance, the Strategic Housing Manager and Housing Landlord Services Manager, the Democratic Services Manager and the Democratic Services Team Leader.

Apologies for absence were received from or on behalf of Councillors G P Scalesh and D J Wilkinson.

53 APOLOGIES FOR ABSENCE.

Notification had been received that Councillor M Hasan was replacing Councillor D Wilkinson for this meeting only.

54 DECLARATION OF INTERESTS.

There were no declarations of interest.

55 PORTFOLIO HOLDER DECISION - PROPERTY ACQUISITION TO SUPPORT THE NEXT STEPS ACCOMMODATION PROGRAMME

Consideration was given to the report of the Executive Manager Governance which presented to the Panel the option for pre-decision scrutiny of the Portfolio Holder Decision relating to property acquisition to support the Next Steps Accommodation Programme.

In accordance with Paragraph 15, Part 4D (Access to Information Procedure Rules) of the Constitution, where any Executive Decision (whether Key Decision or Non-Key Decision) is subject

Action By

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to external (e.g. Government) deadlines such that it is not possible for the decision to be subject to the usual call-in procedure, the proposed decision may instead be subject to a pre-decision scrutiny by the Performance Monitoring Panel, subject to:

- the Leader, Deputy Leader, relevant Portfolio Holder or (where the decision will be taken by an officer) the relevant officer being in attendance at the meeting of the Panel to answer relevant questions;
- the Performance Monitoring Panel being required to set out in writing any concerns about the proposed decision;
- the decision-maker then making the final decision, taking into account any concerns raised by the Panel, and the final decision notice explaining the decision in relation to the concerns raised by the panel;
- the decision taking effect immediately the decision is made

Given the external timeframes that had to be adhered to (acquisition properties had to be within SHDC's ownership and available for occupation by 31 March), the call-in process would put the grant funding associated with the decision at risk. The pre-decision scrutiny process, as detailed above, was therefore deemed necessary.

The ultimate decision maker, the Portfolio Holder for Assets and Planning, was in attendance at the meeting.

The Strategic Housing Manager provided the Panel with some background to the situation pertaining to the proposed Portfolio Holder Decision:

In July 2020, MHCLG (the Ministry of Housing, Communities and Local Government) announced a funding programme called the Next Steps Accommodation Programme with the aim of supporting the Government's ambition to end rough sleeping. SHDC submitted a bid in August 2020, based on a notional scheme which followed MHCLG guidance. SHDC was offered a capital grant allocation (to purchase accommodation) and revenue grant allocation (to support tenants). The Council agreed to accept the allocation at its meeting in November 2020, and a Leader Decision was made, proposing a project mandate, and this became effective in December 2020.

There had been ongoing engagement between SHDC and MHCLG/Homes England, before the bid was submitted and regularly thereafter.

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The project mandate was that the Authority would acquire 3 existing properties, with the intention of potentially converting the properties to provide 9 units of non-self-contained accommodation. A refurbishment programme would ensure that the properties were fully compliant, and that residents had access to their own private bedrooms, with shared kitchen and bathroom facilities. The accommodation would be managed by SHDC, who were experienced in managing temporary accommodation. SHDC would maintain the outside spaces, and support would be in place to ensure the accommodation was managed to support residents to sustain their tenancies, and to provide effective management. SHDC would use its own experience, and also look at how others across the country managed their projects, to ensure that best practice was achieved.

In considering properties to be viewed, a number of property attributes were identified: 1) Location – Spalding was identified as the preferred location as it was close to services and amenities, as well as Holbeach; 2) Maximum price - in accordance with Council approval and the budget provided; 3) Timescale – in line with the Homes England grant agreement; 4) Property type – to accommodate 3 units of accommodation in each property, semi-detached or small detached properties would be suitable; 5) Plot considerations – these would not be large areas of land (in order to avoid high cost maintenance issues), or with communal areas; and 6) Surrounding areas – to ensure areas were suitable.

With regard to the property search, officers were using a combination of online search tools, and liaising with estate agents to identify suitable properties. Many properties were being advertised, 68 properties were considered, and 29 properties had been viewed. Two properties were identified in December, decision reports were published, and the Authority was in the process of purchasing those properties. In January, the property search was widened somewhat from the original list of attributes, to potentially include properties within a conveyancing chain.

Members were advised of the current position regarding the three properties. Two properties had already been identified – Property 1 was located in the Spalding Wygate ward, and property 2 was within the Spalding St Mary's ward. Portfolio Holder Decisions for each of the properties had been made and were now effective, solicitors for both had been appointed, and officers were confident of completion on both by 31 March 2021.

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The purpose of the meeting was to discuss the potential third property that had been identified. The property was in the Spalding Monkshouse ward. It was a 3-bedroom house, marketed by an Estate Agent, and neither planning consent nor an HMO License were required. Indicative project costs were within the agreed project mandate. The property could be refurbished for SHDC's proposed use – members were advised that the financial evaluation included within the exempt appendices was a 'worst case scenario' until a full assessment could be undertaken. It was anticipated that the current bathroom would need to be replaced, with a possible need to replace the kitchen. The vendors were aware of the SHDC approvals process for the acquisition.

Proposed next steps were:

- To continue the ongoing dialogue with Homes England/MHCLG;
- Seek feedback from the Performance Monitoring Panel on the proposed third property;
- The Portfolio Holder for Assets and Planning would review the feedback – if the decision was taken not to proceed to acquire the third property, officers would resume viewings to seek to identify an alternative property, and if the decision was taken to proceed to acquire the third property, the decision report would address the feedback from the Panel.
- In all instances, officers would seek to renegotiate with MHCLG/Homes England to ensure that the funding could stay within the district, even if all 3 properties could not be purchased by 31 March 2021.

Following the presentation, the following issues were raised:

As ward member, Councillor Newton raised the following points:

- The report stated that ward members had been consulted. Both she and her fellow ward member, Councillor Cronin, did not feel that the consultation had been sufficient. Consultation with ward members was always helpful as they had much local knowledge which could assist in the project.
- One of the criteria (to consider properties with no chain) had been changed, due to the urgency in identifying a property – ward members had not been advised of this.
- Officers had stated that they would potentially be requesting an extension of the Homes England deadline of 31 March. If delays meant that occupation by that date was not now possible, why had it been necessary to call the meeting

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urgently?

- One of the plot considerations was to avoid large gardens – this might pertain to the proposed property.
- One of the criteria was to ensure that there was enough parking for residents – the proposed property did not meet this requirement.
- The costings, within the exempt paperwork indicated that conversion to make the property fit for use by 3 people was nearly half as much again as the purchase cost of the property. Was this good value for money?
- An update on the potential re-negotiation of terms was requested.
- Members had been made aware of the offer in July 2020. In correspondence with officers, Councillor Newton was aware initially of a different scheme that had been identified, to buy 1 property to contain 9 separate units – had this caused a delay, resulting in the current situation?
 - On the last point above, officers responded that the original bid had been based on a notional scheme, and there had never been an approved scheme to purchase another property. Initially, officers were working on the basis of exploring a scheme of 9 units of accommodation however, MHCLG were more comfortable with the provision of dispersed properties, rather than 1 property containing 9 separate units.

Other members were invited to comment, and the following points were raised:

- There were concerns with regard to the timescales – regardless of whether the proposed third property was purchased, members did not believe that the two existing properties could be refurbished and inhabited by the deadline of 31 March.
- If the funding was lost, would the Commercial Acquisition Fund be used to purchase the properties - Members were of the opinion that this would not be the best value use of the fund. If funding was lost, the authority should withdraw from purchase of the properties.
- Members asked at what stage the negotiations with Homes England were at, whether there would be a cost to the authority if a negotiated extension was not achieved, whether reduced pro-rata funding could be achieved in order to retain some funding, and whether there were any penalties incurred by not meeting the timescale.
- The Chairman commented that he had agreed to an urgent meeting to accommodate pre-decision scrutiny in the belief that funding would be lost if the timescale was not met. It

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appeared that there was some room for manoeuvre with the timescale that he had not been aware of.

Officers responded to the points raised above as follows:

- With regard to the timing, the legal agreement was very clear in that the authority had to complete by 31 March. The Strategic Housing Manager would attempt to negotiate a fall-back position should this not be achievable.
- The Strategic Housing Manager commented that the Homes England Grant agreement stated categorically that the properties should be available for occupation by 31 March. The authority wished to be in a position to discuss with Homes England and MHCLG a renegotiation of terms. Should the authority be in a position where it had acquired properties 1 and 2 by 31 March, even if occupation followed after this date, and if a third property had been secured with approval to proceed, the authority would be in a stronger position to negotiate timescales for delivery of the third property, with a view to retaining the grant within the district. If no approval for the third property was reached, Homes England and MHCLG would have to be kept advised of the status of the project. An alternative outcome could be that properties 1 and 2 were purchased by 31 March, but not occupied by that date, and to seek retention of the grant within the district on a pro-rata basis, where there was no third property.
- With regard to value for money, the acquisition costs and refurbishment costs were stated within the appendix. The refurbishment costs were indicative and assumed a 'worst case' scenario, allowing for replacement of the existing bathroom and kitchen. If the property was purchased, a more detailed survey would be undertaken which would establish the extent of any refurbishment required. Officers commented that other properties that had been identified for purchase had had lower refurbishment costs but a higher purchase price. With regard to concerns about a return not being achieved on the property after purchase and refurbishment, members were advised that this was a long-term investment for the authority, that it was likely that the property would be retained by the authority for many years, and that the property, based on the assumed cost in the evaluation, did provide a return.

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- Members were supportive of the drive to reduce homelessness, and to use grant funding in the district effectively, but their concern was with the particular property that was proposed.
- Although it had been stated that planning permission was not required, the spirit of the Local Plan required all HMOs (regardless of whether planning permission was required or not) to have reasonable parking facilities. The authority should itself abide with the spirit of, and the principles within the Local Plan.
 - In answer to members questions with regard to the difference between the first two properties, and property 3 under discussion, officers advised that there was very little difference in their layout and they were of a similar age. Property 1 had been more expensive to acquire but had been refurbished prior to purchase, whereas property 3 had not been refurbished. At the end of the process, all properties would be of a similar standard and layout.
- The report did not state the age of the property – there could be a number of issues to be addressed such as party walls, electrics, insulation, heating etc. – more information on such considerations was required.
- Members had been advised that many properties had been identified, but that there was no explanation as to why some had been excluded, which would have assisted members in gaining an understanding of why property 3 had been chosen. There was not enough information to make a valued and distinct choice.
 - Officers responded that surveys and due diligence were not yet complete. At this stage, the property was purely a proposal which met the attributes for consideration. The attributes directed officers to which type of property should be viewed. With regard to the survey, due diligence was required on the whole property before acquisition. Viewings had been undertaken, and the authority's property officers had provided an assessment of work they believed should be undertaken. With regard to the financial evaluation, there would always be unknown elements and there was therefore a robust contingency to allow for this. Officers had an understanding of some of the work that

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was required and there was also the knowledge that the property would ultimately be utilised to full occupancy.

AGREED:

That the Portfolio Holder be notified, in writing, that the Panel's view is that the property in question should not be purchased and that the Portfolio Holder should consider a more suitable property, with no chain and that does not require so much work, for the following reasons:

- i. Concerns with regard to the provision of parking at the location;
- ii. That the spirit of parking within the Local Plan in relation to parking facilities at a property used in this manner, should be adhered to;
- iii. Concern with regard to value for money and in particular, the high proportionate cost of works needed, compared to the acquisition cost;
- iv. That other, more suitable properties were, or had been available with no chain;
- v. That there should be no rush to acquire a property purely to meet the timescales set out in the grant agreement; and
- vi. That the views of Ward members did not appear to have been adequately reflected within the report.

(The meeting ended at 6.05 pm)

(End of minutes)