

AGENDA

Meeting: Environment Select Committee
Place: Council Chamber, Monkton Park, Chippenham
Date: Tuesday 6 September 2011
Time: 10.30 am

Please direct any enquiries on this Agenda to Sharon Smith, of Democratic Services, County Hall, Trowbridge, direct line (01225) 718378 or email sharonl.smith@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Chuck Berry	Cllr Chris Humphries
Cllr Rosemary Brown	Cllr Tom James MBE
Cllr Nigel Carter (Chairman)	Cllr Howard Marshall
Cllr Christopher Cochrane	Cllr Ian McLennan
Cllr Peter Doyle	Cllr Stephen Oldrieve
Cllr Jose Green	Cllr Leo Randall
Cllr Alan Hill (Vice Chairman)	

Substitutes:

Cllr Jane Burton	Cllr Charles Howard
Cllr Trevor Carbin	Cllr George Jeans
Cllr Brian Dalton	Cllr Julian Johnson
Cllr Bill Douglas	Cllr Jeffrey Ody
Cllr Nick Fogg	Cllr Anthony Trotman
Cllr Russell Hawker	

PART I

Items to be considered while the meeting is opened to the public

1. **Apologies and Substitutions**

2. **Minutes of the Previous Meeting** (*Pages 1 - 6*)

To confirm and sign the minutes of the Environment Select Committee meeting held on 21 July 2011.

3. **Declarations of Interests**

To receive any declarations of personal or prejudicial interests or dispensations granted by the Standards Committee.

4. **Chairman's Announcements**

5. **Public Participation and Councillors Questions**

The Council welcomes contributions from members of the public.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named above for any further clarification.

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution. Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above (acting on behalf of the Director of Resources) no later than **5pm** on **Tuesday 30 August 2011**. Please contact the officer named on the first page of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6. **Carbon Reduction Commitment Energy Efficiency Scheme.** *(Pages 7 - 12)*

The Committee has had a long standing interest in the work of the Energy, Change and Opportunity Team. In March, 2011 members received a report outlining the Carbon Reduction Commitments (CRC) of the Council and recognising this work a further update is attached which informs the Committee of the Council's first submission under the CRC Scheme.

The Committee is asked to note report provided and comment as appropriate.

7. **Housing PFI Contract** *(Pages 13 - 20)*

The Environment Select Committee has previously taken an interest in the housing PFI project. Following recent ministerial approval of the position reached through the value for money review, the project is now approaching a key internal decision.

The Committee is asked to consider the report and identify any factors, in addition to those included within the report, which should be taken into account when making the decision whether or not to enter into the contract.

8. **Car Parking Charges**

Cllr Howard Marshall has requested, as is his constitutional right as a member of the Select Committee, that the following item be included on the agenda:

“In light of the uncertainty regarding revenue streams coming from car parking charges and the possibility of them being reduced there is need to better understand the impact this will have on bus subsidies plus whether or not the projected deficit on car parking revenue can be recovered from elsewhere in this current year's budget.”

The Committee is required to decide whether this matter is of sufficient priority to be added to the work programme and to determine how best to undertake any subsequent scrutiny review.

The Committee is asked to note that a budget monitoring report is expected to be considered by Cabinet on 18 October which will include details on how the Council expects to absorb associated costs in relation to revised car parking charges in Salisbury following resolution made at the extraordinary Cabinet meeting on 19 August, as well as the projected shortfall in income reported to Cabinet on 26 July. Further, a review report on car parking charges across the County is expected to be considered at Full Council on 8 November.

The Cabinet member for Transport and Head of Finance will be in attendance to answer any questions arising.

9. **Forward Work Programme** *(Pages 21 - 24)*

A copy of the draft Forward Work Programme is attached for consideration.

10. **Date of next Meeting**

1 November 2011.

11. **Urgent Items**

Any other items of business which the Chairman agrees to consider as a matter of urgency.

PART II

Items during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

NONE

ENVIRONMENT SELECT COMMITTEE

DRAFT MINUTES OF THE ENVIRONMENT SELECT COMMITTEE MEETING HELD ON 21 JULY 2011 AT COUNCIL CHAMBER, MONKTON PARK, CHIPPENHAM.

Present:

Cllr Chuck Berry, Cllr Rosemary Brown, Cllr Trevor Carbin (Substitute), Cllr Nigel Carter (Chairman), Cllr Christopher Cochrane, Cllr Alan Hill (Vice Chairman), Cllr Chris Humphries, Cllr Howard Marshall, Cllr Ian McLennan, Cllr Leo Randall and Cllr Anthony Trotman (Substitute)

Also Present:

Cllr Linda Conley, Cllr Keith Humphries, Cllr Toby Sturgis and Cllr Dick Tonge

159. **Election of Chairman**

Cllr Nigel Carter was appointed Chairman for the ensuing year.

160. **Election of Vice-Chairman**

Cllr Alan Hill was appointed Vice Chairman for the ensuing year.

161. **Apologies and Substitutions**

Apologies were received from Cllr Peter Doyle, Cllr Jose Green and Cllr Steven Oldrieve. Cllr Trevor Carbin substituted for Cllr Steven Oldrieve.

162. **Minutes of the Previous Meeting**

The minutes of the meeting held on 10 May 2011 were approved and signed as a correct record.

163. **Declarations of Interests**

Cllr Chuck Berry declared a personal interest in Item 168 – Delegation of Services to Town and Parish Councils as the Director of Healthmatic, specialists in the design and management of public toilets.

Cllr Trevor Carbin also declared a personal interest in Item 168 – Delegation of Services to Town and Parish Councils as a member of Southwick allotments (mentioned with the report).

164. **Chairman's Announcements**

The Chairman thanked the Committee for his appointment and expressed gratitude for the work undertaken by the previous Chairman, Cllr Mollie Groom.

165. **Public Participation and Councillors Questions**

There was no public participation although questions were received from several Councillors in relation to the Wiltshire Core Strategy.

Members had been made aware that the consultation undertaken in relation to the Southern Core Strategy would be amalgamated within the Wiltshire Core Strategy but expressed concern that this had not been widely communicated.

The Cabinet Member for Waste, Property, Environment and Development Control Services clarified that the Wiltshire Core Strategy following the consultation exercise would be circulated to Parish Council's for consideration prior to its submission to the Inspectorate.

To address the concerns of the Committee the Chairman confirmed that invitations would be given to officers to provide a response on how the Salisbury Core Strategy and Wiltshire Core Strategy were to be amalgamated and the policies in place. The Chairman was also minded in November to invite a report which provided an overview of the results to emerge from the consultation exercise.

166. **Air Quality Strategy**

The Cabinet Member for Public Health and Protection Services was in attendance to present a verbal update on the Air Quality Strategy ahead of its submission to Cabinet on 13 September 2011.

Clarification was provided that feedback received from previous Committee scrutiny had been fed into the revised strategy document. A copy of the revised strategy would be presented to the Committee at its next meeting in September for consideration.

The Cabinet Member requested that the Committee take into consideration several key points as follows:

- Air quality was an emotive issue and a complex and technical area. With this in mind the revised strategy would be simplified into distinct areas as follows:

- Part 1 - To outline in simple terms the complexities of Air Quality (in line with guidance from the DEFRA publication).
 - Part 2 – To provide more detailed technical.
 - Part 3 – To provide details of the proposed strategy itself.
 - Part 4 – Action Plan arising from the Air Quality Strategy.
- There was a desire to install a ‘traffic light’ system on the Council’s website that would allow monitoring of air quality figures across the County in real time. A pilot scheme was currently in place within Salisbury.
 - There would be budgetary implications in relation to the equipment required with monitoring stations equating to approximately £45k each with an additional cost of approximately £4k to update systems.

Whilst taking into consideration the information provided, the Cabinet Member requested that the Committee upon consideration of the Strategy also consider whether Part 4 of the Strategy document may be better placed as a separate document in its own right.

Ensuing discussion included that there was a need for behavioural change within the wider community including the use of vehicular transport through problematic areas where the Council had little or no control.

The Cabinet member recognised that the behaviour of residents across the county was also required to ensure better air quality but stressed the importance of a strategy to ensure the local authority was doing what it could to address the problem itself. Localised air quality plans would be developed following approval of the Strategy.

There were several ‘hot spot’ areas within Wiltshire that were recognised as having poor air quality, including Bradford-on-Avon, Devizes, Calne and Salisbury. Discussions continued with these local communities to find the most appropriate avenue to reduce the poor air quality.

Members recognised that a more joined up approach across the Council was required to continue to address poor air quality and this would be included within the revised strategy.

Members also questioned whether the air quality limit values for nitrogen dioxide issued by DEFRA were likely to impact on Wiltshire Council in the future. The Cabinet Member confirmed that further investigation in this area would be undertaken and findings reported back to the Committee accordingly.

The Committee discussed areas in which poor air quality could be reduced which included the use of park and ride initiatives. Evidence had shown that the

park and ride site within Salisbury had resulted in improved air quality within this area.

Upon taking the Committee's considerations into account, the Cabinet Member clarified that although Wiltshire Council had several hotspots of poor air quality around the County, air quality as a whole for Wiltshire was reasonable compared to many other areas across the country.

Resolved:

- 1) To thank the Cabinet member for his attendance.**
- 2) That the Committee would receive the revised Air Quality Strategy document at its meeting in September 2011; where it will also determine whether part 4 of the strategy may be better placed as an individual document of its own right.**

167. Waste Recycling and Collection Service

A report on the work taking place to deliver a single waste collection and recycling service cross Wiltshire was presented by the Cabinet member for Waste, Property, Environment and Development Control Services.

This followed a request made by the Committee at its meeting in March 2011 when a report on the proposed harmonisation of the service was presented.

The Service Director for Waste Management Services was also in attendance to answer any questions arising.

Clarification was provided that in relation to the MBT plant to be constructed on the Northacre Trading Estate in Wesbury a sod cutting exercise was to be undertaken within the next week ahead of the scheduled building works to commence in August 2011. It was expected that the plant would become operational in financial year 2013/14 as planned.

In relation to additional capacity required to accommodate the increased volume of both plastic and cardboard, Portmarsh Trading Estate in Calne would be used on a short term basis whilst planning permission was sought by Hills Waste for a longer term solution. Contingency plans were in place should permission not be achieved.

The awarding of the contract to Hills had taken into consideration the existing costs associated with differing service providers across the County at present. The service provisions in place with other authorities had also been researched to ensure value for money was achieved. A built in review of the contract would ensure that value for money remained applicable.

It was understood that residual waste from the existing MBT plant would continue to be exported overseas until the new MBT site was opened although the Cabinet Member was confident that Hills would ensure due process continued to be adhered to during this time.

In relation to the garden waste collection opt-in service being offered by the Council, approximately 20,000 applications had been received to date.

In relation to Household Recycling Centres and 'bring sites' currently in place, these would be reviewed once the revised collection service was underway to ensure that they were still being utilised by the public.

Although in principle members were positive of the new service provision across the County, concern was raised in relation to those properties (i.e. flats and terraced houses) where the use of wheelie bins may not be practical. Clarification was provided that in these circumstances residents were able to apply for the use of bags as a replacement and confirmed that communication of this fact would be addressed.

Resolved:

- 1) To thank the Cabinet member and officer for the update provided;**
- 2) That the Committee receives a further update on delivery of the Waste Transformation Programme to its November meeting.**

168. Delegation of Services to Town and Parish Councils

The Cabinet member for Highways and Transport was in attendance to present a report on the Delegation of Services to Town and Parish Councils. This item had been requested at the previous meeting of the Committee when it was resolved that an update would be requested on the programme in place with specific reference to public conveniences.

The officer responsible for delegated services was also in attendance to answer any questions arising.

The Cabinet member opened discussion by clarifying that several services had been delegated to Parish and Town Councils with other applications under consideration, details of which were provided within the report.

It was understood that several councils had been deterred from receiving delegated services as many did not have the facilities in place to address the statutory legislation obligations attached, such as TUPE arrangements and the control of litter regulations.

With specific note to public conveniences confirmation was provided that both Tisbury and Mere now had delegated responsibility of services with contracts being processed in relation to Salisbury.

Resolved:

To thank the Cabinet member and officer for their attendance and for the update provided.

169. **Procurement & Commissioning Task Group**

Members of the Committee noted the update provided with the agenda which confirmed that the Task Group had now been formed and that its first meeting was to be held on Thursday 28 July 2011.

170. **Project Board Update**

There were no updates available in relation to either the Housing Commissioning Board or the Gypsy and Traveller Project Board as neither had met since the Committees previous meeting.

However clarification was provided that Cllr John Thomson was now the appointed Chairman of the Housing Commission Board.

171. **Forward Work Programme**

The Forward Work Programme was noted and would be amended to reflect the inclusion of Waste Management where a further update would be provided in November 2011.

172. **Date of next Meeting**

6 September 2011 - Monkton Park, Chippenham.

173. **Urgent Items**

Cllr Alan Hill raised concern in relation to parking conditions for members of the Council.

(Duration of meeting: 10.30 am - 12.20 pm)

The Officer who has produced these minutes is Sharon Smith, of Democratic Services, direct line (01225) 718378, e-mail sharonl.smith@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

Wiltshire Council

Environment Select Committee

6 September 2011

Carbon Reduction Commitment Energy Efficiency Scheme

Executive Summary

This report provides an outline of the Council's first submission under the Carbon Reduction Commitment Energy Efficiency Scheme.

Proposal

That the Committee notes the information in this report.

Reason for Proposal

The media have recently run a number of stories about the Council having to pay a £600,000 carbon 'tax'. The Chairman of the Committee has requested more information and clarification about this issue.

MARK BODEN

Corporate Director - Operations
Department of Neighbourhood and Planning

Carbon Reduction Commitment Energy Efficiency Scheme

Purpose of Report

1. To inform the Committee of the Council's first submission under the Carbon Reduction Commitment Energy Efficiency Scheme (CRC).

Background

2. In March 2011 the Committee received a report on the CRC. Since then, the Council has made its first submission in line with the requirements of the scheme.
3. The CRC is a mandatory scheme to improve energy efficiency and therefore cut CO₂ emissions in large public and private sector organisations. These organisations are responsible for around 10% of the UK's CO₂ emissions. The scheme features a range of reputational, behavioural and financial drivers which aim to encourage organisations to develop energy management strategies that promote a better understanding of, and reduce, energy usage. The Council's emissions equate to less than 2% of Wiltshire's overall carbon footprint.

Main Considerations for the Committee

4. All organisations taking part in the CRC were required to submit their first footprint report and annual report (for the financial year 2010/11) by end of July 2011. The Council's submission is set out in summary form at **Appendix 1**. Only emissions from static sources are included in the CRC, i.e. buildings and streetlights. The Council's CRC footprint for 2011/12 was 48,248 tonnes CO₂.
5. The statement included with the submission highlights the progress made by Wiltshire Council since April 2009. In particular, the roll-out of smart meters (voluntary automatic meter reading - AMR) and our investment programme show that we are committed to improving our data quality and reducing our carbon footprint.
6. A league table will be published in the autumn showing the position of all CRC participants according to the proportion of their emissions covered by smart meters and the Carbon Trust standard (an accreditation scheme). Amongst local authorities, we anticipate that, with AMR coverage of 25% and no Carbon Trust accreditation, Wiltshire Council is likely to fall in the bottom half to three-quarters of the league table.
7. The Committee will note that schools made up 52% of the Council's CRC emissions in 2010/11. Due to changes in the composition of our footprint for 2011/12, the proportion of emissions coming from schools is projected to rise to

60%. Our footprint will change because streetlights will no longer be included but leisure centres run by DC leisure will be included for the first time in 2011/12.

8. In the school year of 2011/12, the dedicated Climate Change Projects Officer-Schools will pilot two new engagement programmes to help schools reduce their emissions:
 - the Carbon Trust's Collaborative Low Carbon Schools Service
 - the Ashden Environmental Award-winning Severn Wye Energy Agency project called YEP! (Young Energy People).
9. Both of these projects are expected to generate at least 10% energy savings in each school, primarily through behaviour change, which will lead to both CRC savings and energy cost savings. The intention is to roll out these projects with a greater reach and impact in following years.
10. In addition to these projects, web pages and resources are being produced to be available to all Wiltshire schools to enable them to effectively monitor and reduce their energy consumption within their schools, including advice on 'green' ICT equipment and solar panel schemes.
11. A proportion of Wiltshire Council's invest-to-save fund will be available to schools to bid for as 0% financing for energy efficiency measures with a good return within a four-year payback period.
12. Reductions in the carbon footprint of non-school council buildings is being achieved through the Transformation Programme, which is rationalising and modernising buildings operated, and invest-to-save funded projects in buildings outside of this programme that the Council is going to retain.
13. The Transformation Programme will be delivering improvements in both hub offices and by co-locating resident services (like leisure centres and libraries) in campuses. For the former, it is estimated that a 3,800 tonne CO₂ reduction in the Council's carbon footprint could be achieved. However, it should be acknowledged that this figure is an estimate and subject to change as building specifications are amended. The ECO Team will be working to achieve greater reductions in these buildings through behavioural change initiatives.

Environmental and Climate Change Considerations

14. The aim of the ECO team is to limit carbon emissions from the Council and from the county overall, which will have a positive impact on the environment.

Equality and Diversity Impact of the Proposal

15. None.

Financial Implications

16. The Council's Financial Plan includes provision for CRC by accruing for this purpose £600,000 in 2011/12 and 2012/13; £700,000 in 2013/14 and £800,000 in 2014/15. The price of carbon will be £12 per tonne CO₂ in 2012, and is expected to stay at this rate in 2013, rising to £16 in 2014, although all

projections are subject to revision. The first payment will be due in June 2012 to cover 2011/12 emissions retrospectively. No payment is due on 2010/11 emissions but if it was, the cost to the Council would have been £526,000.

17. In order to reduce the Council's carbon footprint, and therefore our liability under CRC, £500,000 capital has been set aside for energy efficiency projects in each of 2011/12 and 2012/13 as well as £500,000 revenue over the next four financial years. £500,000 capital was allocated in 2010/11. This amounts to a total investment over five years of £3.5 million for energy efficiency. This needs to be set against the context of the Council's annual spend of £14 million on energy and transport in 2009/10.

Legal Implications

18. The Council is legally required to take part in the Carbon Reduction Commitment trading scheme.

Conclusion

19. The Council has met its legal requirement to make its first CRC submission by end of July 2011. The Council's position in the national league table to be published in the autumn will show how it is performing nationally compared with all large public and private sector organisations in the scheme. Meanwhile, every effort is being made to reduce the Council's carbon footprint.

MARK BODEN

Corporate Director - Operations
Department of Neighbourhood and Planning

Report Author:

Ariane Crampton

Head of Climate Change

The following unpublished documents have been relied on in the preparation of this Report:

None

Appendices:

Appendix 1 - CRC submission summary

Wiltshire Council CRC submission 2010-11

Submission date: 19th July 2011
 CRC reference number: CRC8068700

Footprint report data

Metric	Explanation	Emissions
Total Footprint Emissions	Total emissions from CRC eligible sites.	48,248 tonnes CO ₂
Total Core Emissions	Total emissions from Core sources (those which are mandatory to report on under CRC).	36,831 tonnes CO ₂
% of Core Emissions		76%
Regulated Emissions	Emissions which are included in CRC once permitted exclusions have been made (participants may exclude up to 10% of emissions).	43,414 tonnes CO ₂
% of Footprint Emissions covered by Regulated Emissions		90 %
Electricity Generating Credits relating to renewables	Credits from renewable emissions which are subtracted from total emissions.	44 tonnes CO ₂

Annual report data

Metric	Explanation	Emissions
Annual Report emissions	Emissions on which we would be buying allowances	43,802 tonnes CO ₂
Projected cost of emissions	Cost of emissions if we had been required to purchase allowances this year	£525,624
% of emissions covered by voluntary AMR		25%
% of emissions calculated from non-estimated data		89%

Statement

The council has included the following statement to explain its submission further (limited to 2000 characters):

1. In 2008, Wiltshire County Council qualified under the CRC. In April 2009, the county and four district councils merged to form a new Unitary Authority. The resulting estate counts 800 buildings, including over 230 schools. We have had the challenging task of aligning 5 energy management systems and continue to improve our energy data management.
2. Wiltshire Council's footprint for 2010/11 was 48,248 tCO₂. 36% of gas and electricity consumption was automatically metered, with voluntary AMR covering 25% of supplies. Since 1 April 2011, a further 166 meters have been installed.
3. We have avoided the 10% uplift on 89% of our annual report emissions through recording actual consumption data.
4. Our Carbon Management Plan 2010-14 commits us to reducing emissions by 20% of our 2008/09 baseline by 2014. Our Business Plan 2011-15 recognises the importance of investing to reduce emissions and energy costs; a total of £4.2m is being invested. 60 Green Champions from across the council are tasked with changing behaviours.
5. Schools represent 52% of our CRC emissions. We are working in partnership to improve their energy efficiency. Streetlights make up 18% of our emissions and we are implementing part night lighting to reduce this.
6. The council has renewable electricity and heat installations across 23 sites and is considering further low carbon and renewable energy projects.
7. We have an ambitious programme to rationalise our estate by selling inefficient buildings, investing in high standard new buildings and reducing the emissions from our office and frontline services estate by 40% in the medium term.
8. Cllr Toby Sturgis, cabinet member responsible for the CRC said "Wiltshire Council is fully committed to improving its energy performance. In 2010/11 we invested £540k in energy efficiency reducing our annual emissions by 742 tCO₂. We have set ourselves a challenging carbon reduction target and are developing an ambitious investment programme for the next 5 years."

Wiltshire Council

Environment Select Committee

6 September 2011

Housing PFI project – decision to enter into contract

Executive summary

The Environment Select Committee has previously taken an interest in the housing PFI project. Following recent ministerial approval of the position reached through the value for money review, the project is now approaching a key internal decision. The committee is requested to identify any factors, in addition to those set out in this report, which should be taken into account when making the decision whether or not to enter into the contract.

Proposal

That the committee considers the attached report and identifies any additional factors which should be taken into account when deciding whether or not to enter into the housing PFI contract.

Reason for proposal

To ensure the robustness of any decision to enter into the contract.

Author:

Contact details: Chris Trowell, PFI Project Manager – 01225 718053 or chris.trowell@wiltshire.gov.uk

Housing PFI project – decision to enter into contract

Purpose of report

1. The purpose of this report is to:
 - update the committee on the progress of the project;
 - identify key changes since the June 2010 Cabinet approval;
 - outline the internal decision making process with regard to entering into the PFI contract; and
 - seek the committee's view as to any additional factors which should be taken into account when making the above decision.

Background

2. The Environment Select Committee has previously taken an interest in the housing PFI project, which is now approaching a key internal decision.

Main considerations for the committee

Changes to the project

3. In June 2010, Cabinet authorised officers to conclude negotiations in respect of the project and to enter into a contract with Silbury Housing Ltd (SHL) to provide 350 homes, and for the homes to be delivered on a phased basis with 242 homes being delivered in phase 1 and the balance in phase 2.
4. The intention was to sign the contract last summer and to start building work later in the year. However, the project has been delayed as a result of the government's Spending Review and the value for money (VfM) review of housing PFI projects. This was reported to the committee in May 2011.
5. All affected councils have been asked to make additional savings from their projects and to reduce the amount of PFI credit (public subsidy) requested. In response to this we have reduced our credit requirement from a maximum of £83 million to £77 million.
6. The outcome of our VfM review was successful and we have now received confirmation (July 2011) that the Minister has agreed to continue to support Wiltshire's project through to financial close (contract award) on the basis of the position reached through the VfM review.
7. £6 million reduction in PFI credit has been achieved by shortening the contract period to 20 years from the date when all of the phase 1 homes are due to be

completed. As a result of this change, the Council's nomination rights will step down from 100% to 50% about seven years earlier than previously anticipated.

8. However, 74% of the homes (in phase 1) will still be required to remain as affordable housing after the contract has ended, due to a combination of our continuing nomination rights (at the 50% level) and planning requirements. Furthermore, the Council's revenue contribution to the project (see paragraph 23 below) will cease some seven years earlier than previously anticipated.
9. This was the only way of making the expected level of savings in order for the project to continue, without having to reduce the number of new homes built or the quality of those homes and the services provided to the tenants. Other than the shortened contract period (and the reduced credit allocation) there have been no significant changes to the project as presented to Cabinet in June 2010 and no reduction in the overall quality of the outputs.
10. The Quarterly Housing Briefing circulated to all councillors in July 2011 included current details of the PFI project and the above changes. This is reproduced at Appendix 1.

Internal approval

11. Commercial negotiations with SHL are reaching their conclusion. A near final version of the project agreement (contract) has been submitted for government approval and we are currently reviewing near final financial models.
12. The June 2010 Cabinet resolution authorised:

"the Director of Resources and Director of Neighbourhood and Planning after consultation with the Cabinet Member for Economic Development, Planning and Housing, the Leader of the Council and the Cabinet Member for Finance, Performance and Risk, the Chief Finance Officer and the Solicitor to the Council, to conclude negotiations on and agree all project documentation relating to the PFI transaction and to enter into the PFI Contract and associated agreements on behalf of the Council;"
13. A meeting of the above mentioned officers and councillors has been arranged for 14 September 2011 to seek approval to enter into the PFI contract, subject to the necessary external approvals being secured prior to financial close. Following the recent Cabinet/CLT reorganisation (in which the housing service moved into DCS), both the Cabinet Member for Adult Care, Communities and Housing and the Corporate Director of Community Services will be in attendance. The proposals will also be considered by the Housing PFI Project Board on 12 September 2011.
14. It is anticipated that the above meetings will be presented with details of the key project outputs together with the financial, legal and risk implications of entering into the contract. The committee is requested to bring to the Cabinet Member's attention any additional factors which should be taken into account when making the above decision.

Programme and financial close date

15. The current timetable shows financial close taking place in November 2011. However, this is heavily dependent on the timing of external (mainly governmental) approvals and is, therefore, largely out of the Council's control.
16. Persimmon (in its dual roles as a land provider and the building sub-contractor) is fully committed to the project provided that it remains on programme. If further delays occur its Board may need to consider Persimmon's continued involvement in the project. We are maintaining open communications with Persimmon and Sarsen Housing Association in order to manage this risk as far as is possible.

Environmental impact of the proposal

17. The PFI homes will meet Level 3 of the Code for Sustainable Homes (CSH) as required by construction specification. The additional cost of building to Level 4 would be approximately £10,000 per unit. This would not be eligible for PFI credit and would, therefore, have to be paid for by the Council.
18. Photovoltaic (PV) roof panels are no longer necessary in order to meet CSH Level 3 because the builder is now adopting a 'fabric first' approach (i.e. increasing insulation levels) in accordance with good industry practice. However, discussions are ongoing with Sarsen with regard to the possibility of installing PV panels on a self-financing basis.

Equality and diversity impact of the proposal

19. All of the homes will be built to Lifetime Home standards, meaning that they are suitable (and adaptable) for a wide range of occupiers, taking into account mobility needs etc. Allocations to the general needs accommodation will be made through Homes 4 Wiltshire and the relevant policy has addressed equality issues.

Risk assessment

20. The housing PFI project is included on the Council's risk register, where the current risk rating is 'high'. The target rating of 'medium' is unlikely to be achieved until government approval to enter into the contract has been secured.
21. The risk management implications of entering into the contract will be taken into account at the meetings referred to in paragraph 13 above.

Financial implications

22. We are currently reviewing near final financial models for the project. It is important to point out that the Council will bear the risk of changes in interest rates (known as swap rates) until the PFI contract has been signed. However, we have included a prudent buffer within the financial models in case of any increase in swap rates between now and financial close.

23. The Council's total predicted set up costs, including costs previously incurred by West Wiltshire District Council, are now £2.5 million. Provision will be made in next year's budget for the Council's revenue contribution of approximately £230,000 per annum (index linked) to commence in respect of the operational period of the project. These payments will cease some seven years earlier than previously anticipated due to the shortened contract period.
24. The financial implications of entering into the contract will be taken into account at the meetings referred to in paragraph 13 above.

Legal implications

25. A near final version of the project agreement has been submitted for government approval. There are no other significant legal implications or ethical governance issues affecting this report.
26. The legal implications of entering into the contract will be taken into account at the meetings referred to in paragraph 13 above.

Options considered

27. None applicable.

Conclusion

28. The Environment Select Committee has previously taken an interest in the housing PFI project. Following recent ministerial approval of the position reached through the value for money review, the project is now approaching a key internal decision. The committee is requested to identify any factors, in addition to those set out in this report, which should be taken into account when making the decision whether or not to enter into the contract.

Background papers

- Cabinet report – 22 June 2011
- Environment Select Committee report – 10 May 2011

Appendices

Extract from Quarterly Housing Briefing – July 2011

Appendix 1

Housing PFI update from Quarterly Housing Briefing – July 2011

This is a project to provide around 350 new affordable rented homes in the west of Wiltshire. We are working with Silbury Housing Ltd as the remaining bidder – a consortium led by Devizes based Sarsen Housing Association in partnership with Persimmon. The project is split into phases, with 242 homes due to be provided in phase 1, as below:

Site	Location	No. of homes
Broad Street	Trowbridge	31
Hillside	Warminster	33
Leigh Park	Westbury	53 (two sites)
Manor School	Melksham	51
Paxcroft Mead	Hilperton	18
Victoria Road	Warminster	32
York Buildings	Trowbridge	24
Total		242

All of these sites have full planning permission and are owned either by the Council or consortium members. A key feature of the project is the intention to provide approximately half of the homes on private sector land. Phase 1 includes three Persimmon sites (Leigh Park x 2 and Victoria Road), where 85 new affordable homes will be provided in addition to the s106 units.

The project has been delayed, most recently by the Government. Following last year's Spending Review, the housing PFI programme has been cut in half and all remaining projects have been subject to a value for money review.

Our project is considered to provide good value. However, all affected councils have been asked to make additional savings and to reduce the amount of public subsidy (PFI credit) requested. We have offered to drop our credit requirement from a maximum of £83m to £77m by shortening the contract period to 20 years from the date when all of the phase 1 homes are due to be completed.

As a result of this change, the Council's nomination rights will step down from 100% to 50% about seven years earlier than previously anticipated. 74% of the homes (in phase 1) will still be required to remain as affordable housing after the contract has ended, due to our continuing nomination rights (at the 50% level) and/or planning requirements.

This has been put forward as a way of making the expected level of savings in order for the project to continue, without having to reduce the number of new homes built or the quality of those homes and the services provided to the tenants.

The PFI homes will meet Level 3 of the Code for Sustainable Homes, as per the tender specification, and will be built to Lifetime Home standards, meaning they are suitable for a wide range of occupiers. Any increase in these standards would be ineligible for PFI credit and would, therefore, have to be funded by the Council.

Sarsen will own the homes and the residents will be Sarsen tenants. All general needs nominations will be made via Homes 4 Wiltshire. There will be no impact on existing tenants when the contract finishes (unless the Council exercises its option to acquire the homes), as the post-contract nomination arrangements apply only to new lettings.

Our proposed savings will require ministerial approval. In the meantime, we are working to finalise the contract (Project Agreement) and final business case for government sign-off. Given the number of external approval stages to go through, it is likely to be the end of the year before the contract can be signed (financial close).

Predicted set up costs through to financial close are £2.4m, of which over £2m has already been spent – our partners have invested at least double that amount. Once the contract is signed the Council will make a revenue contribution of around £220k per annum (index-linked), for the reduced contract period, with the majority of the costs being met through PFI credit and the tenants' rent.

Please contact Chris Trowell for further information – 01225 718053 or chris.trowell@wiltshire.gov.uk

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Environment Select Committee
Rolling Work Plan from September 2011

SUBJECTS	COMMITTEE/ TASK GROUP	NEXT DATE TO O & S COMMITTEE	SPECIFIC ISSUES FOR DISCUSSION	REPORT AUTHOR	CABINET MEMBER/ PORTFOLIO HOLDER
Procurement & Commissioning (Standing)	Task Group	Ongoing	To provide an update following agreement by all select committees on the formation of a single Task Group that reports directly to the Organisation & Resources Select Committee.	Variable	Cllr John Noeken
Gypsy & Traveller Project Board	Committee	Ongoing	To receive an update on the work of the Board where available	Cllr Jose Green	Cllr Toby Sturgis
Housing Commissioning Board	Committee	November 2011 Ongoing	To receive an update on the work of the Board where available (to include an update in November in relation to the landlord service).	Cllr Ian McLennan	Cllr John Thomson
Highways and Amenities Consultancy and Works Contracts'	Committee	November 2011	To receive details of the proposed Highways and Amenities consultancy and works contracts	Peter Binley	Cllr Dick Tonge
Air Quality Strategy	Committee	November 2011	To receive the draft Air Quality Strategy for consideration	Gary Tomsett	Cllr Toby Sturgis

SUBJECTS	COMMITTEE/ TASK GROUP	NEXT DATE TO O & S COMMITTEE	SPECIFIC ISSUES FOR DISCUSSION	REPORT AUTHOR	CABINET MEMBER/ PORTFOLIO HOLDER
Real Time Passenger Information (RTPI)	Committee	March 2012	To receive an update report on the GPRS system in 18 months to provide clarity on the effectiveness of the new system (as agreed at the September 2010 Select Committee)	Liz Douglas	Cllr Dick Tonge
Community Infrastructure Levy	Committee	March 2012?	To monitor implementation of the CIL	Georgina Clampitt-Dix	Cllr Toby Sturgis
Climate Change Adaptation Plan	Committee	tbc	To receive details once available.	Ariane Crampton	Cllr Toby Sturgis
Low Carbon Transition Plan	Committee	tbc	To receive details once available.	Ariane Crampton	Cllr Toby Sturgis
Renewable Energy Plan	Committee	tbc	To receive details once available.	Ariane Crampton	Cllr Toby Sturgis
Leisure Centres	Committee	tbc	To monitor.	Ceri Williams	Cllr Stuart Wheeler
Draft Wiltshire Core Strategy	Committee	tbc	To receive details of the draft Strategy.	Alistair Cunningham	Cllr Fleur de Rhe-Philippe

**Draft Cabinet Forward Work Plan
September 2011 – December 2011**

**Items that may be of interest to the
Environment Select Committee**

SUBJECTS	DATE TO CABINET	SPECIFIC ISSUES FOR DISCUSSION	RESPONSIBLE CABINET MEMBER	OFFICER CONTACT
Update on Performance	13 September 15 November 2011	To inform Cabinet about progress against the Council's priorities, including those in the Local Agreement for Wiltshire	Cllr John Brady	Sharon Britton
Budget Monitoring	13 September 18 October 15 November 13 December 2011	To receive a regular update on the revenue budget.	Cllr John Brady	Michael Hudson
Aggregate Minerals Site Allocations DPD: Proposals for Draft DPD	18 October 2011	To seek approval to consult on a draft DPD in September 2011 and, where necessary, notify central government of the need for a reduced sand and gravel provision rate.	Cllr Fleur de Rhe-Philipe	Alistair Cunningham
Air Quality Strategy for Wiltshire	*13 September 2011?	To adopt the Air Quality Strategy for Wiltshire	Cllr Keith Humphries	Gary Tomsett
Highways and Amenities Consultancy and Works Contract	15 November 2011.	To consider the future contracts in connection with the highways and amenities service	Cllr Dick Tonge	Peter Binley

***It is understood this may now have been moved from September to November 2011.**

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