

AGENDA

Meeting: CABINET CAPITAL ASSETS COMMITTEE

Place: Council Chamber - Council Offices, Bradley Road, Trowbridge, BA14 0RD

Date: Thursday 24 May 2012

Time: 10.30 am

Please direct any enquiries on this Agenda to James Hazlewood, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01722 434250 or email james.hazlewood@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 John Noeken	- Resources
Cllr Fleur de Rhe-Philippe	- Strategic Planning, Economic Development and Tourism
Cllr Jane Scott OBE	- Leader of the COuncil
Cllr Toby Sturgis	- Waste, Property and Development Control Services
Cllr John Thomson	- Deputy Leader and Adult Care, Communities and Housing

AGENDA

Part I

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

Key Decisions Matters defined as 'Key' Decisions and included in the Council's Forward Work Plan are shown as 

1 **Apologies**

2 **Minutes of the previous meeting** (Pages 1 - 4)

To confirm and sign as a correct record the minutes of the Cabinet (Capital Assets) Committee meeting held on 21 March 2012.

3 **Chairman's Announcements**

4 **Declarations of interest**

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

5 **Extra Care Development - Burnham House Site, Malmesbury** (Pages 5 - 14)

 To consider the attached report of the Corporate Director.

6 **Rudloe Community Centre** (Pages 15 - 24)

To consider the attached report of the Service Director – Strategy and Commissioning.

7 **Wiltshire Council Land - Easton Square, Sherston** (Pages 25 - 38)

To consider the attached report of the Service Director – Strategy and Commissioning.

8 **Housing Private Finance Initiative (PFI) Phase 2 Sites** *(Pages 39 - 50)*

🔑 To consider the attached report of the Service Director – Strategy and Commissioning.

9 **Urgent items**

Any other items of business that the Chair agrees to consider as a matter of urgency.

10 **Exclusion of the Press and Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item 11 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Part II

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

11 **Housing Private Finance Initiative (PFI) Phase 2 Sites** *(Pages 51 - 52)*

To consider the attached exempt document in relation to item 8 above.

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CABINET CAPITAL ASSETS COMMITTEE

MINUTES of a MEETING held in COUNCIL CHAMBER - COUNCIL OFFICES,
MONKTON PARK, CHIPPENHAM, SN15 1ER on Wednesday, 21 March 2012.

Cllr Jane Scott OBE	Leader of the Council
Cllr John Noeken	Cabinet Member for Resources
Cllr Fleur de Rhe-Philippe	Cabinet Member for Economic Development and Strategic Planning
Cllr Toby Sturgis	Cabinet Member for Waste, Property, Environment and Development Control Services

Also in Attendance: Cllr Alan Macrae
Cllr Stuart Wheeler

11. Apologies

Apologies for absence had been received from:

- Cllr John Brady
- Cllr John Thomson

12. Minutes of the previous meeting

Resolved:

To approve as a correct record and sign the minutes of the meeting held on 18 January 2012.

13. Chairman's Announcements

None.

14. Declarations of interest

There were no declarations of interest.

15. **Capital Monitoring**

Michael Hudson, Director of Finance, introduced the report which reflected the position of the Capital Programme as at 31 January 2012. The report also detailed changes to the budget, such as the reprogramming of schemes. There was also a change to reflect the formal addition of budget for Castledown Business Park which required approval by Council following recommendation by Cabinet.

Resolved

That the Cabinet (Capital Assets) Committee:

- a. Note the current position of the capital programme as at Period 10 in Appendix A.**
- b. Note total budget increases of £1.148 million, the returning of £0.935 million of budget to the centre, and the £13.277 million reprogramming of spend between 2011/2012 and 2012/2013.**
- c. Recommend to Council, via Cabinet the approval of £0.182 million of additional budget for Castledown Business Park to be funded from borrowing.**

Reasons for Decision

To inform Cabinet of the current position of the 2011/2012 capital programme and to highlight changes in the capital programme.

16. **Trowbridge Town Hall**

Neil Ward, Head of Strategic Property Services, introduced the report which outlined a proposal developed by Trowbridge Town Hall Group for the future transfer of Trowbridge Town Hall, as outlined in the proposal set out at Appendix A to the report. The report had been presented to the Trowbridge Area Board on 15 March, where the proposals had received unanimous support.

Neil introduced Tracy Sullivan and Ian Walker, who were presented as representatives of the Trowbridge Town Hall Group. Tracy set out some of the next steps in the project, and it was hoped that a further update could be provided in September with clearer timescales.

Officers undertook to work with the Group with regard to permitting out of hours access to the building while work continued to secure funding sources.

Resolved

The Cabinet (Capital Assets) Committee:

- 1. Notes the proposal made by the Trowbridge Town Hall Group, and approves investigation of potential funding opportunities in line with the approach set out in paragraphs 8 and 9 of the report, acknowledging the unfunded revenue pressure this will place on the transformation property revenue budget, as identified in the body of this report.**
- 2. Requests a further report on progress later in 2012, to evaluate the way in which the Group's proposals have developed, and to confirm the commitment to maintaining the property vacant for a further period of time.**

Reason for Decision

To fully explore a long term, sustainable future for a key community asset.

To support the ambitions of the Trowbridge community to bring a locally significant asset back into public use.

To responsibly dispose of a building which is surplus to Council needs, and inefficient to maintain and run without significant investment.

17. Facilities Management Services Contracts

Cllr John Noeken, Cabinet Member for Resources, introduced the executive summary report, which set out arrangements for the procurement of Facilities Management Services Contracts, and sought authority for the Cabinet Member to use delegated powers to award the contracts following the satisfactory conclusion of the formal tendering processes. It was anticipated that the new contracts would be in place and operational in time for the occupation of the refurbished MECH building at the end of the Summer.

Concern was raised that, when arranging the TUPE of staff to new contractors, experience and knowledge of buildings should be retained wherever possible.

Resolved

That Cabinet (Capital Assets) Committee authorises the Cabinet Member for Resources to use delegated authority to award Facilities Management Service Contracts for Cleaning, Security and Keyholding and Catering, following the satisfactory conclusion of the formal tendering processes.

Reasons for Decision

To put in place the means to consistently and cost-effectively manage the Council's built facilities over a period of significant change in both service levels and occupied properties, and to support the timescale for the procurement process.

18. **Urgent items**

None.

(Duration of meeting: 2.30 - 3.10 pm)

<p>These decisions were published on the Monday 26 March 2012 and will come into force on Tuesday 3 April 2012</p>
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The Officer who has produced these minutes is James Hazlewood, of Democratic Services, direct line 01722 434250 or e-mail james.hazlewood@wiltshire.gov.uk
Press enquiries to Communications, direct line (01225) 713114/713115

WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

24th May 2012

Subject: BURNHAM HOUSE, MALMESBURY – EXTRA CARE DEVELOPMENT

Cabinet Members: Councillor John Thomson (Adult Care, Communities and Housing)

Key Decision: Yes

Executive Summary

1. The Older People Accommodation Development strategy identified the need for a new purpose built 50 unit extra care scheme within the Malmesbury area and following the establishment of a working group consisting of members of the local community to determine the future use of the Burnham House site, approval was granted from the Cabinet Capital Assets Committee in September 2011 to utilise this site for the extra care development.
2. Wiltshire Council and Devon County Council are currently undertaking a mini competition procurement exercise under the joint preferred developer framework contract for the provision of extra care housing on the Burnham House site in Malmesbury and sites in Barnstaple and Tiverton, Devon.
3. The Councils have been working collaboratively to produce the mini competition procurement documentation, including the tender questionnaire, design specification and financial evaluation models. This has been achieved through the establishment of multi-disciplinary teams, including representatives from procurement, property, legal, finance and adult care, in both authorities. Advice has also been received from planning regarding what would constitute acceptable development on the Burnham House site.
4. Bids are being requested for the provision of the construction, housing management and care and support delivery within the extra care scheme. The Council has however reserved the right not to award the care and support provision through this procurement mechanism to enable it to contract to its Help to Live at Home providers instead.
5. The providers are being asked to submit a compliant bid which will involve the site being offered on a 250 year leasehold basis, however there is also the opportunity for them to submit a variant bid, enabling them to demonstrate innovation and efficiency. This may include the transfer of the freehold of the site to the framework provider.

6. The tenderers can also submit bids for only the Wiltshire site, the two Devon sites or all three sites. This will enable the Councils to determine whether there is any significant quality or financial benefit to combining future mini competitions to achieve construction or operating economies of scale.
7. The mini competition responses will be evaluated on a 60% quality, 40% cost / financial viability basis. Three representatives of the Burnham House Working Group, established under the Malmesbury Area Board, will evaluate the quality element of the submissions and their marks will form 50% of the overall quality evaluation score. A multi-disciplinary team, consisting of officers from procurement, finance, property and adult care, will also evaluate the mini competition responses. This will be further supplemented by external legal advisors supporting the evaluation of the legal questions contained within the documentation.
8. Permission is sought to delegate authority to the Cabinet Member for Adult Care, Communities and Housing and the Cabinet Member for Waste, Property, Environment and Development Control Services in liaison with the Corporate Director (Statutory Responsibility for Adult Care Services) and the Section 151 Officer to award the extra care development, management and care and support provision contract, where appropriate, on the former Burnham House site in Malmesbury following the satisfactory conclusion of the formal tendering process.

Proposal(s)

Members are asked to:

- a. Note the progression of the extra care development initiative for older people on the former Burnham House site in Malmesbury.
- b. Delegate authority to the Cabinet Member for Adult Care, Communities and Housing and the Cabinet Member for Waste, Property, Environment and Development Control Services in liaison with the Corporate Director (Statutory Responsibility for Adult Care Services) and the Section 151 Officer to award the extra care development, management and care and support provision contract, where appropriate, on the former Burnham House site in Malmesbury following the satisfactory conclusion of the formal tendering process.

Reason for Proposal

9. The joint preferred development framework contract with Devon County Council provides an innovative and efficient procurement mechanism to select construction partners, operators and potentially care and support providers for extra care facilities across Wiltshire and

Devon.

10. The development of extra care housing on the Burnham House site would meet the needs of the growing elderly population in Malmesbury and improve choice and control for older people whilst providing a vital community resource.
11. The involvement of the Burnham House Working Group in the tender evaluation and development of the scheme, promotes community engagement and will ensure that the facilities meet the needs of the local community.

Sue Redmond
Corporate Director

WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

22nd May 2012

Subject: **BURNHAM HOUSE, MALMESBURY – EXTRA CARE DEVELOPMENT**

Cabinet Members: **Councillor John Thomson (Adult Care, Communities and Housing)**

Key Decision: **Yes**

Purpose of Report

1. To update Members on the progression of the extra care development initiative for older people on the former Burnham House site in Malmesbury.
2. To delegate authority to the Cabinet Member for Adult Care, Communities and Housing and the Cabinet Member for Waste, Property, Environment and Development Control Services in liaison with the Corporate Director (Statutory Responsibility for Adult Care Services) and the Section 151 Officer to award the extra care development, management and care and support provision contracts, where appropriate, on the former Burnham House site in Malmesbury following the satisfactory conclusion of the formal tendering processes.

Background

3. In January 2011, the Older People Accommodation Development Strategy was approved by Wiltshire Council's Cabinet. This is a 10 year development strategy which will modernise the way that older people's accommodation is provided, develop and adopt an integrated accommodation system, ensure the best use of increasingly scarce resources and respond to local needs in local communities.
4. The Older People Accommodation Development strategy identified the need for a new purpose built 50 unit extra care scheme within the Malmesbury area and following the establishment of a working group consisting of members of the local community to determine the future use of the Burnham House site, approval was granted from the Cabinet Capital Assets Committee in September 2011 to utilise this site for the extra care development.
5. Approval was also granted for officers to undertake a mini competition procurement process to appoint a developer, operator and potentially a care and support provider through the joint preferred developer framework

contract with Devon County Council which was awarded in September 2011.

Main Considerations for the Council

6. Wiltshire Council and Devon County Council are currently undertaking a mini competition procurement exercise under the joint preferred developer framework contract for the provision of extra care housing on the Burnham House site in Malmesbury and sites in Barnstaple and Tiverton, Devon.
7. The Councils have been working collaboratively to produce the mini competition procurement documentation, including the tender questionnaire, design specification and financial evaluation models. This has been achieved through the establishment of multi-disciplinary teams, including representatives from procurement, property, legal, finance and adult care, in both authorities. Advice has also been received from planning regarding what would constitute acceptable development on the Burnham House site.
8. Bids are being requested for the provision of the construction, housing management and care and support delivery within the extra care scheme. The Council has however reserved the right not to award the care and support provision through this procurement mechanism to enable it to contract to its Help to Live at Home providers instead.
9. The providers are being asked to submit a compliant bid which will involve the site being offered on a 250 year leasehold basis, however there is also the opportunity for them to submit a variant bid, enabling them to demonstrate innovation and efficiency. This may include the transfer of the freehold of the site to the framework provider.
10. The tenderers can also submit bids for only the Wiltshire site, the two Devon sites or all three sites. This will enable the Councils to determine whether there is any significant quality or financial benefit to combining future mini competitions to achieve construction or operating economies of scale.
11. The mini competition responses will be evaluated on a 60% quality, 40% cost / financial viability basis. Three representatives of the Burnham House Working Group, established under the Malmesbury Area Board, will evaluate the quality element of the submissions and their marks will form 50% of the overall quality evaluation score. A multi-disciplinary team, consisting of officers from procurement, finance, property and adult care, will also evaluate the mini competition responses. This will be further supplemented by external legal advisors supporting the evaluation of the legal questions contained within the documentation.
12. The timetable for the mini competition process is contained in the table below:

Task Name	Date
Invitation to Tender (ITT) for the Mini Competitions	21/05/12
ITT Return Date	14/06/12
Tender Opening	14/06/12
Bidder Presentation (Wiltshire)	21/06/12
Bidder Presentation (Devon)	22/06/12
ITT Evaluation Ends	04/07/12
Identify Preferred Bidders	05/07/12
Feedback Sessions (1:1)	09/07/12
Standstill Period Ends	20/07/12
Contract Award	21/07/12

13. Permission is sought to delegate authority to the Cabinet Member for Adult Care, Communities and Housing and the Cabinet Member for Waste, Property, Environment and Development Control Services in liaison with the Corporate Director (Statutory Responsibility for Adult Care Services) and the Section 151 Officer to award the extra care development, management and care and support provision contract, where appropriate, on the former Burnham House site in Malmesbury following the satisfactory conclusion of the formal tendering process.

Environmental and Climate Change Considerations

14. As extra care developments consist of self contained properties for tenants, these developments would not be included in the Council's carbon footprint. However, they will contribute towards the county's footprint. If the chosen 3rd party operator is required to participate in the CRC, to reduce liability consideration should be given to who pays the utility bills for the properties. If the cost is recharged to individual tenants, then the 3rd party operating the site may be able to avoid liability. Emissions from energy consumption in communal areas would still allow the purchase of CRC allowances.
15. To ensure appropriate environmental management takes place, new stock will be built to Code Level 4 of Sustainable Homes and Lifetimes Homes standards increasing to Code Level 6 by 2016. Non-fossil fuel energy supplies will be considered for all new buildings.
16. In order to ensure the necessary transport-emissions for running the facilities do not increase, the location of these facilities is crucial. The Burnham House site has access to good public transport links already and a transport strategy for the site will be prepared.
17. It is acknowledged that the very old, chronically ill and poor are amongst the groups most vulnerable to predicted climate change and risk of "fuel poverty". The provision of accommodation for older people will take this into account by ensuring that buildings are not only built to the required Code Level 4 / Code Level 6, but they will also include relevant climate change adaptation features.

Equalities Impact of the Proposal

18. The development of these facilities would promote independence, choice and control for older people and would offer opportunities for greater community engagement, involvement and inclusion in purpose built accommodation.
19. The development of these facilities would also have a positive impact for people who will develop care needs in the future as it will enhance choice for people when choosing their care provision.

Risk Assessment

20. There is a risk that none of the preferred developers will submit a tender during the mini-competition phase which would delay the development timescales; however the Councils have been working closely with the bidders in the production of the contract requirements and documentation so this situation is unlikely to occur.
21. Another risk inherent in this proposal is that the mini-competition tender response are unaffordable to the Council or do not deliver the requirements / specification for the extra care scheme. In the unlikely event of this happening, the Council is not obliged to accept any bid through this procurement process and has reserved the right to tender this opportunity outside the framework.

Financial Implications

22. Financial accountants from both a revenue and capital perspective have created the financial evaluation model for the mini competitions undertaken under the joint preferred developer framework contract for the provision of extra care housing and other care facilities.
23. The Burnham House mini competition will be evaluated on a 60% quality and 40% cost / financial viability basis. Cost is being assessed on the construction costs incurred by the developer to ensure the finished scheme is of suitable standard and also the costs to be incurred by the tenants. Financial accountants will be involved in the financial evaluation of the mini competition tender submissions.
24. The Council is not obliged to accept any tender submission through this process and will be looking to appoint the provider who represents the best overall value whilst delivering the required facilities in accordance with the prescribed standards and specifications.

Legal Implications

25. Wiltshire Council and Devon County Council have appointed the external legal firm, Michelmores, to produce the Project Agreement, which is the legal contract for each extra care development delivered through the joint preferred developer framework contract. This external expertise, in conjunction with in-house personnel, will also be utilised to assist in the

evaluation of the legal question contained in the mini competition tender documentation.

26. Depending upon the land mechanism identified as the preferred option, conveyancing activities will be required to be undertaken. This may include the preparation of a lease or to prepare the site sale documentation. Please note that a full review of the legal title, covenants and restrictions associated with the Burnham House site was undertaken in advance of the mini competition process, and the results were disclosed to the bidders.

Options Considered

27. Offer the Site on a Leasehold Basis
In order to ensure that the Council is able to evaluate the providers on a like-for-like basis, the Council is seeking a compliant bid from the framework providers. This will lease the site to the appointed provider on a 250 year lease executed at the point of practical completion of the extra care facility. During the construction period, a building lease will be offered.
28. Transfer the Freehold of the Site to the Selected Provider
Providers are able to submit a variant bid through the mini competition process where they can demonstrate the benefits of transferring the freehold of the Burnham House site to the developer in order to facilitate the extra care development. Please note that the freehold of the site would only be transferred prior to the completion of the construction of the facility in exceptional circumstances.

Conclusions

29. The joint preferred development framework contract with Devon County Council provides an innovative and efficient procurement mechanism to select construction partners, operators and potentially care and support providers for extra care facilities across Wiltshire and Devon.
30. The development of extra care housing on the Burnham House site would meet the needs of the growing elderly population in Malmesbury and improve choice and control for older people whilst providing a vital community resource.
31. The involvement of the Burnham House Working Group in the tender evaluation and development of the scheme, promotes community engagement and will ensure that the facilities meet the needs of the local community.
32. Members are asked to:
 - a. Note the progression of the extra care development initiative for older people on the former Burnham House site in Malmesbury.

- b. Delegate authority to the Cabinet Member for Adult Care, Communities and Housing and the Cabinet Member for Waste, Property, Environment and Development Control Services in liaison with the Corporate Director (Statutory Responsibility for Adult Care Services) and the Section 151 Officer to award the extra care development, management and care and support provision contract, where appropriate, on the former Burnham House site in Malmesbury following the satisfactory conclusion of the formal tendering process.

Sue Redmond
Corporate Director

Report Authors: James Cawley
Service Director
Adult Care Strategy & Commissioning

Date of report: 12th April 2012

Background Papers

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

Preferred Developer Framework and Burnham House, Malmesbury – Cabinet Capital Assets Committee Report, 14th September 2011

Appendices - NONE

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WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

24th May 2012

Subject: Rudloe Community Centre

Cabinet Members: Councillors John Thomson and Toby Sturgis

Key Decision: No

Executive Summary

Rudloe Community Centre (RCC) is in the Corsham Community Area and is run by the Rudloe Community Association (RCA), a registered charity.

The existing community centre is not fit for purpose and is not serving the community as a hub for community activities. NWDC leased the building to the RCC for an annual rent of £12,000 which is currently waived.

The proposal is to work with GreenSquare to explore ideas and options to find a solution that will enable transfer of the ownership of the centre whilst retaining a facility for the full use of the local community. This could include building some new homes on land adjacent to the community centre and converting the tenure of some of the existing GreenSquare properties in order to cross-subsidise the works required to the community centre. It is intended that, should the proposal be agreed in principle, those options would be reviewed by a working group and brought back to this meeting for Members to consider.

GreenSquare own and manage the majority of the homes in the area surrounding the community centre and are keen to work with the council and the local community to remodel the community centre to ensure it is fit for purpose.

There is a high military personnel presence in the adjacent community, which could benefit from using the community centre which will help integrate the community. A new community centre will complement the Corsham Campus as another hub for community working.

Proposal

The proposal is;

1. To seek approval to work with GreenSquare and the local community to explore options to remodel and to deliver a successful, well used and well resourced community centre

2. To explore options to use council owned land together with GreenSquare assets to generate funding to enable remodelling of the community centre
3. To explore options to transfer the ownership of the community centre
4. To explore opportunities to create wider links in the community e.g. with military personnel and their families.

Reason for Proposal

The existing layout of the community centre is not fit for purpose and it is not being used as a hub for community activities. New designs could create a layout which maximises the space within the centre and provides facilities that benefit different community activities. There is an established community in Rudloe with many local people wanting to see the community centre used to its full potential.

Rudloe is an area where the community would benefit from a well run, fully functioning community centre. Data from the 2001 census shows that Rudloe has a high percentage of vacant dwellings, which may be a result of the high turnover of military personnel within the area and a low percentage of ownership. The military accounts for almost 14% of the housing stock and is likely to be associated with a high turnover of population. The second is that of the total housing stock, Rudloe has a high proportion of social housing.

In 2011 the founding and long standing trustees of RCA stood down and a new group has since been formed. This group is keen to work with the council to find a solution to the current issues.

This proposal could help link Rudloe with the wider community to help create a sustainable community and provide a fully functioning community centre.

James Cawley: Service Director - Strategy & Commissioning

WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

24th May 2012

Subject: Rudloe Community Centre

Cabinet Members: Councillors John Thomson and Toby Sturgis

Key Decision: No

1. To seek approval to work with GreenSquare to explore options to re-develop the RCC in conjunction with GreenSquare's assets and some Wiltshire Council land in the immediate area. A GreenSquare ownership plan is attached see Appendix A.

Background

2. Prior to Wiltshire Council becoming a unitary authority GreenSquare and the district council had been working together to find solutions to the issues with the community centre. GreenSquare, who own and manage the majority of the housing stock in Rudloe, are keen to continue to work with the council and the local community to explore options to remodel and manage the community centre.
3. Currently the centre represents a cost to the council. NWDC leased the building to the RCA for an annual rent of £12,000 which is currently waived. Minor structural repairs are carried out at the council's expense (£3,294 in 09/10).
4. As early as 2006 it was identified that the RCC was not able to function as anticipated. This was considered at the time to be partly due to the design of the building. It was also considered that the community rooms were too small. This contributed to a worsening financial situation for the RCA.
5. A feasibility study was commissioned by Westlea Housing Association and NWDC. This was carried out by Dome Consultants in October 2006 which offered several options to move forward including a 60 page report outlining some key issues about attitudes, the community surrounding the centre, boundaries to the centre activities, income, opportunities and barriers and some conclusions.
6. Four options were considered in the report.

Option 1. Retention by NWDC with changes to internal layout and a bid for external funding.

Option 2. Retention by NWDC with changes to internal layout, no external funding.

Option 3. Disposal to Westlea Housing Association

Option 4. Open Market disposal

7. In the conclusion only options 2 and 3 were considered to provide a sustainable future for the centre. However, none of the options were taken up.

Main Considerations for the Council

8. The proposal seeks to look at options to explore transfer the ownership of the community centre to Greensquare and to look at options to remodel into a functioning centre for the community.
9. The existing RCC is not fit for purpose. Working with GreenSquare to explore options to provide a new community centre will provide a fit for purpose community hub, which could attract local groups to rent the rooms and generate some income in the future to maintain the building.
10. Greensquare's options could include a change of tenure of some of the rented properties in the area to shared ownership or open market housing, which will generate capital to reinvest back into remodelling of the community centre. This will also address the tenure imbalance in the area to create a more mixed tenure community.
11. A new community centre will attract local community members and groups to utilise the centre to its full potential.
12. There are a number of regular groups of the community who will benefit from any proposed upgrades, which may bring additional funding to maintain the community centre.
13. Discussions have been held with the Corsham Campus officers who appreciate the benefits of the interlinking of the centre and the future Corsham Campus proposal.
14. Procurement and Legal advice has been sought regarding potential ownership transfer. The view is that a land transfer is outside of both the Council's procurement rules and the European procurement regime.
15. However the transfer of land by the Council at an undervalue to a commercial organisation is on the face of it contrary to State Aid rules. However, two factors counter this assertion. Firstly, the value of the land and income from the project is likely to be less than the "de minimis" value

above which the state aid rules have force. (The de minimis value is Euro 200,000 in any three year rolling period).

16. Secondly, recent communications from the Commission indicate that projects that are entirely of a social nature and operate within a very restricted geographical area will be considered to fall outside of the state aid prohibitions. The project has a restricted geographical catchment and is entirely social in nature.
17. It can be demonstrated that the land will be used for social housing aimed at local people and so this will not be state aid.
18. Any proposals to transfer council land or assets as part of any plans agreed by the community will be brought back to Capital Assets Committee for consideration and approval.
19. Greensquare own and manage a high proportion of stock in the area and have a strong management presence in the area.

Environmental Impact of the Proposal

20. There are no known environmental impacts as a result of this report which is just seeking approval in principle to explore options to retain and improve the community centre. It is intended that the quality of the community centre will be high using local labour and local materials creating an efficient building.

Equalities Impact of the Proposal

21. The proposal in this report is to approve in principle, the opportunity to work with GreenSquare to explore options to enable the retention and improvement of a community centre in Rudloe to better meet the needs of the local community. Retention and improvement of the centre will enable a range of groups and members of the community to access the facilities.

Risk Assessment

22. Any proposals may not be approved by the council. However, GreenSquare are fully funding the viability work. Therefore if the scheme does not proceed there is no financial loss to the Council.
23. The community may not support changes to the community centre. However the council and GreenSquare will fully engage through thorough consultation events and it is Wiltshire Council's and GreenSquare's understanding that the community do want to see improvements to the community centre. Responses to any initial consultation will be reported back to Members as part of a future options appraisal report.

Financial Implications

24. GreenSquare are fully funding the viability work at no cost to the council.
25. There are no known financial implications at this stage as this paper is seeking approval in principle to work with GreenSquare to develop some options for retaining and improving the community centre. A further paper will be required to approve any proposals for the community centre, once options have been explored, together with the impact of any disposal at less than open market value of either the Community Centre or the Council's surrounding land.

Legal Implications

26. By the Local Government Act 1972 the Council has the ability to dispose of sites in its ownership at less than the best consideration that can reasonably be obtained for those sites. If the disposal is at an undervalue of less than £2,000,000 then the "general consent" may be used to allow the sale. However, if the undervalue is greater than £2,000,000 then an application to allow the sale will have to be made to the appropriate Secretary of State.
27. In this case the undervalue is such that the Council may dispose under the general consent.
28. It has been shown above there are no procurement or state aid issues.

Options Considered

29. There is an option not to proceed with this proposal. However, this will lose the opportunity to provide a remodelled fit for purpose community centre for the Rudloe community. In addition, the costs of managing and maintaining the centre will continue to fall on the council.
30. An alternative option would be to dispose of the council owned site which will generate a capital receipt. However, the community centre will be lost and is considered by the local community to be a vital part of community cohesion.

Conclusions

31. It is recommended that approval is given to working with the local community and GreenSquare to explore options to remodel the existing community centre into a functioning hub for the local community and to work up a financial appraisal to show how this will be funded.
32. A further report will be brought to the Cabinet Capital Assets Committee outlining the outcomes of the further feasibility work and seeking approval to any proposals to transfer ownership of and/or remodel the community centre.

James Cawley
Service Director – Strategy and Commissioning (Adult Care and Housing)

Report Author:

Victoria Kay

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2 April 2012

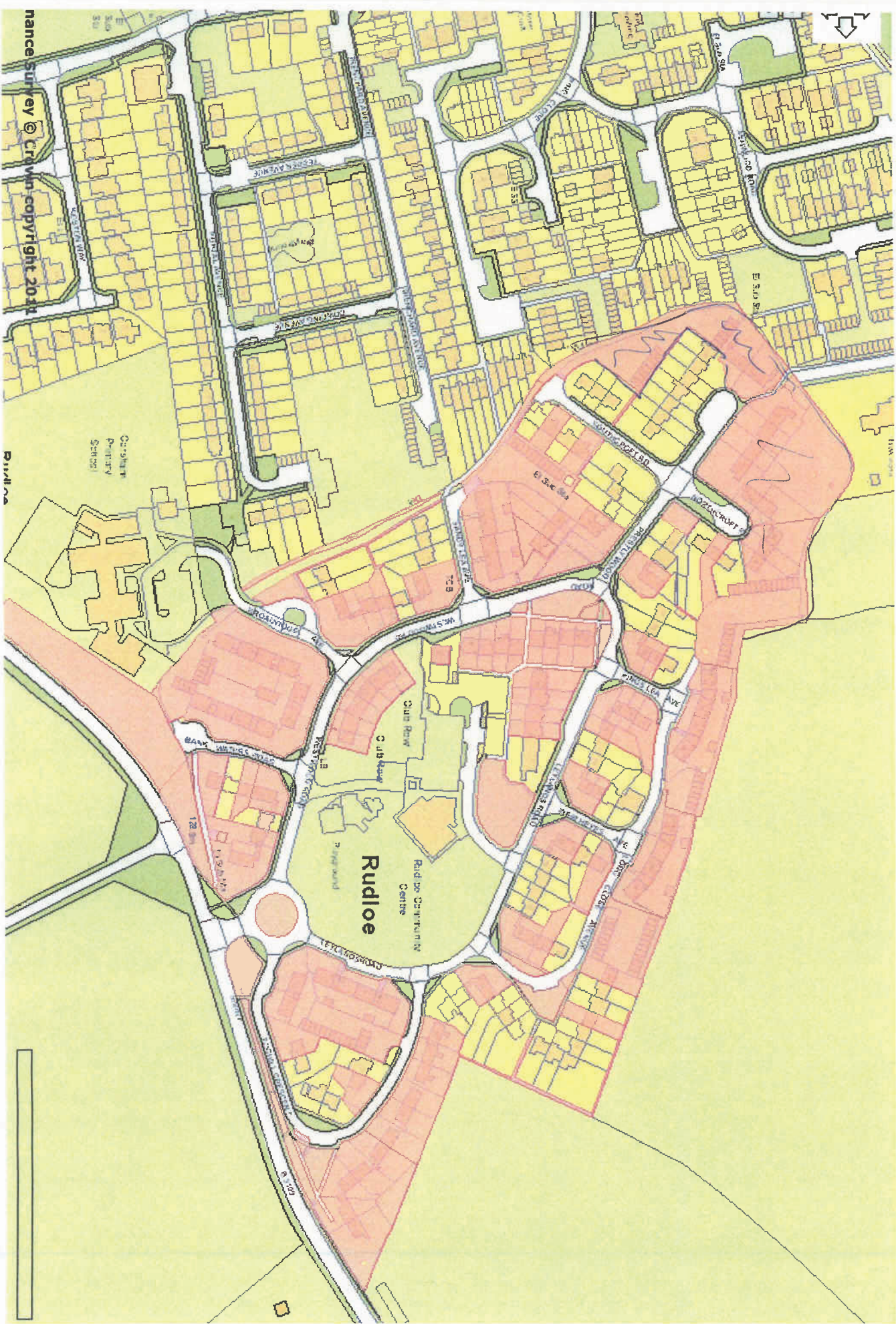
Background Papers

None

Appendices

Appendix A – land in GreenSquare ownership in Rudloe

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WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

24th May 2012

Subject: **Council Land, Easton Square, Sherston**

Cabinet Members: **Councillors John Thomson and Toby Sturgis**

Key Decision: **No**

Executive Summary

An opportunity has arisen to develop some much needed affordable housing and open market housing in Sherston. The council owns a pocket of land, (Appendix A) independently valued at £7,500 in Easton Square, Sherston. The parcel of land is small and is undevelopable without neighbouring owner occupiers contributing some additional land. The owner of no11 keeps the land maintained regularly. No11 and no12 Easton Square are owner occupiers and are keen to work with the Council to combine their housing plots and gardens, see Appendix B, to provide some additional housing and to re-provide their dwellings which can be shown on Appendix C.

Proposal

That the Cabinet:

1. Delegates authority to the Service Director for Strategy and Commissioning in consultation with the Cabinet Member for Housing to approve and execute the transfer of Council land valued at £7,500, to GreenSquare for £1, subject to planning permission and full agreement of the owners of nos. 11 and 12 Easton Square.
2. Authorises Officers to work up the scheme with GreenSquare to enable the delivery of a mixed tenure scheme subject to planning

Reason for Proposal

The Council's land has been independently valued at £7,500 and is undevelopable without neighbouring owner occupiers contributing some of their surrounding land to deliver some new housing. The owner occupiers of no11 and no12 Easton Square approached the Council to work together to achieve this.

In December 2011 a rural housing need survey was undertaken with the support of the Parish Council and identified 21 households seeking an affordable home in Sherston. The Parish Council are keen to see some more affordable housing for local people. The proposal also makes good use of undevelopable land.

James Cawley Service Director - Strategy & Commissioning

WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

24th May 2012

Subject: Council Land, Easton Square, Sherston

Cabinet Members: Councillors John Thomson and Toby Sturgis

Key Decision: No

Purpose of Report

1. The purpose of the report is to seek Members approval to use a small parcel of Wiltshire Council land to provide some much needed new housing in Sherston in partnership with GreenSquare.

Background

2. Historically this site has been considered for affordable housing, but has not progressed due to the limited access to the site. There is a real opportunity to use the land for more housing in Sherston. The owners of no11 and no12 are supportive of the proposals.

Main Considerations for the Council

3. The proposal would be to demolish no11 and no12 to gain access to the whole site. Eight homes could be achieved on the land. Proposals are for two rented homes, two shared ownership homes, two open market and to re-provide two homes for the owners of no11 and no12. A sketch plan of the proposal is attached at Appendix C.
4. The revenues from the open market housing are being re-invested to support the delivery of affordable housing. It is estimated that there will be a shortfall of £50,000 funding. It is intended that affordable housing commuted sums will meet this shortfall, subject to confirmation of final costs on completion of the development. There are no other costs that the Council will be funding.
5. Initial discussions with development services have not indicated any planning issues with the proposals. However, the proposals will need to be fully worked up and will be subject to planning and local consultation.
6. Procurement and Legal advice has been sought. The view is because it is a land transfer, it is outside of both the Council's procurement rules and the European procurement regime.

7. However the transfer of land by the Council at an undervalue to a commercial organisation is on the face of it contrary to State Aid rules. Two factors counter this assertion. Firstly, the value of the land and income from the project is likely to be less than the “de minimis” value above which the state aid rules have force. (The de minimis value is Euro 200,000 in any three year rolling period).
8. Secondly, recent communications from the Commission indicate that projects that are entirely of a social nature and operate within a very restricted geographical area will be considered to fall outside of the state aid prohibitions. The project has a restricted geographical catchment and is entirely social in nature.
9. It can be demonstrated that the land will be used for social housing aimed at local people and so this will not be state aid.
10. Greensquare own and manage a high proportion of stock in the area and have a strong management presence in the area.
11. The owners of no.11 and no.12 Easton Square have been fully involved in discussing the proposals to date. The properties they currently occupy are in need of improvement and have substantial gardens. The redevelopment of the two plots together with the council owned land form a site sufficient to deliver eight new homes, thereby making better use of the land and creating a net gain of six new homes.
12. The owners have been advised to seek their own independent advice around the proposals. The intention is that the owners will be temporarily decanted into GreenSquare homes in the local area whilst their new homes are built.
13. A rural housing need survey was undertaken in December 2011 and identified that 21 households are seeking an affordable home.
14. The council will have nomination rights to the four affordable homes in line with Wiltshire Council’s Homes4Wiltshire policy.

Environmental Impact of the Proposal

15. There are no known environmental impacts that will impact on this proposal at this time. The quality of the affordable homes will be high as they will be built to the Code for Sustainable Homes Level 4. The open market housing and re-provided housing will be built to Code for Sustainable Homes Level 3. The Code for Sustainable Homes (the Code) is the national standard for the sustainable design and construction of new homes. The Code aims to reduce our carbon emissions and create homes that are more sustainable.

Equalities Impact of the Proposal

16. Equality and diversity are inherent components of the Council's Housing Allocations Policy which will be applied to the completed dwellings. The provision of additional affordable housing adds to the diversity of our towns and villages by ensuring that the social demography is balanced and that our communities are sustainable and vibrant places to live and work.

Risk Assessment

17. The scheme may not achieve planning. However, GreenSquare are fully funding the viability work and planning application costs. Therefore if the scheme does not proceed there is no financial loss to the Council. In addition, the site will not be transferred to GreenSquare until planning permission has been achieved.
18. The owners may decide they no longer wish to proceed with the proposal. As above, the feasibility works are being funded by GreenSquare and the land transfer will be dependent on agreement with the owners of the two properties. Therefore if the owners withdraw their agreement, the land owned by the council will be retained and there will be no financial loss to the council.
19. The development does not complete or the open market housing does not sell. The commuted sum payment will not be made until completion of the units.

Financial Implications

20. The council owned land has been independently valued at £7,500. This potential capital receipt will not be received if the land is used to deliver affordable housing.
21. The loss of the £7,500 means the council loses out on the option to reduce the revenue cost of borrowing but this is a very minor effect due to the size of the receipt. This capital receipt has not been assumed in the capital programme because it is so small.
22. The total scheme costs are £1,111,086. The value of the two market homes for sale is £440,000. The income from the two shared ownership homes will be £180,000 and the revenue funding from the two affordable rented properties enables the provision of private finance amounting to £161,515. GreenSquare are contributing £199,571. GreenSquare will be applying for £80,000 funding from the HCA. This leaves a shortfall of £50,000 which will be funded through commuted sums. The commuted sum payment will be made on completion of the four affordable homes subject to scrutiny of final accounts.
23. There are no long term budgetary implications surrounding using the Wiltshire Council owned parcel of land. This proposal generates additional affordable housing for local people in Sherston.

Legal Implications

24. By the Local Government Act 1972 the Council has the ability to dispose of sites in its ownership at less than the best consideration that can reasonably be obtained for those sites. If the disposal is at an undervalue of less than £2,000,000 then the "general consent" may be used to allow the sale. However, if the undervalue is greater than £2,000,000 then an application to allow the sale will have to be made to the appropriate Secretary of State.
25. In this case the undervalue is such that the Council may dispose under the general consent.
26. A s.106 agreement will be drafted to ensure the affordable homes remain affordable in perpetuity
27. It has been shown above there are no procurement or state aid issues.

Options Considered

28. There is an option not to proceed with this proposal. However, this will lose the opportunity to provide 4 new affordable homes in the village of Sherston and 2 new open market units.
29. An alternative option would be to dispose of the council owned site and enable the redevelopment of all the homes for open market sale to generate a capital receipt. However, the two current owners would need to find alternative accommodation during the development period and the opportunity to provide new affordable homes in Sherston to meet the locally identified need would be lost.

Conclusions

30. There is an opportunity to use council owned land to deliver a mixed tenure scheme in partnership with a Registered Provider, to increase new housing in Sherston, including the provision of 4 new affordable homes and 2 new open market units.

Name and title of Director

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2 April 2012

Background Papers

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

None

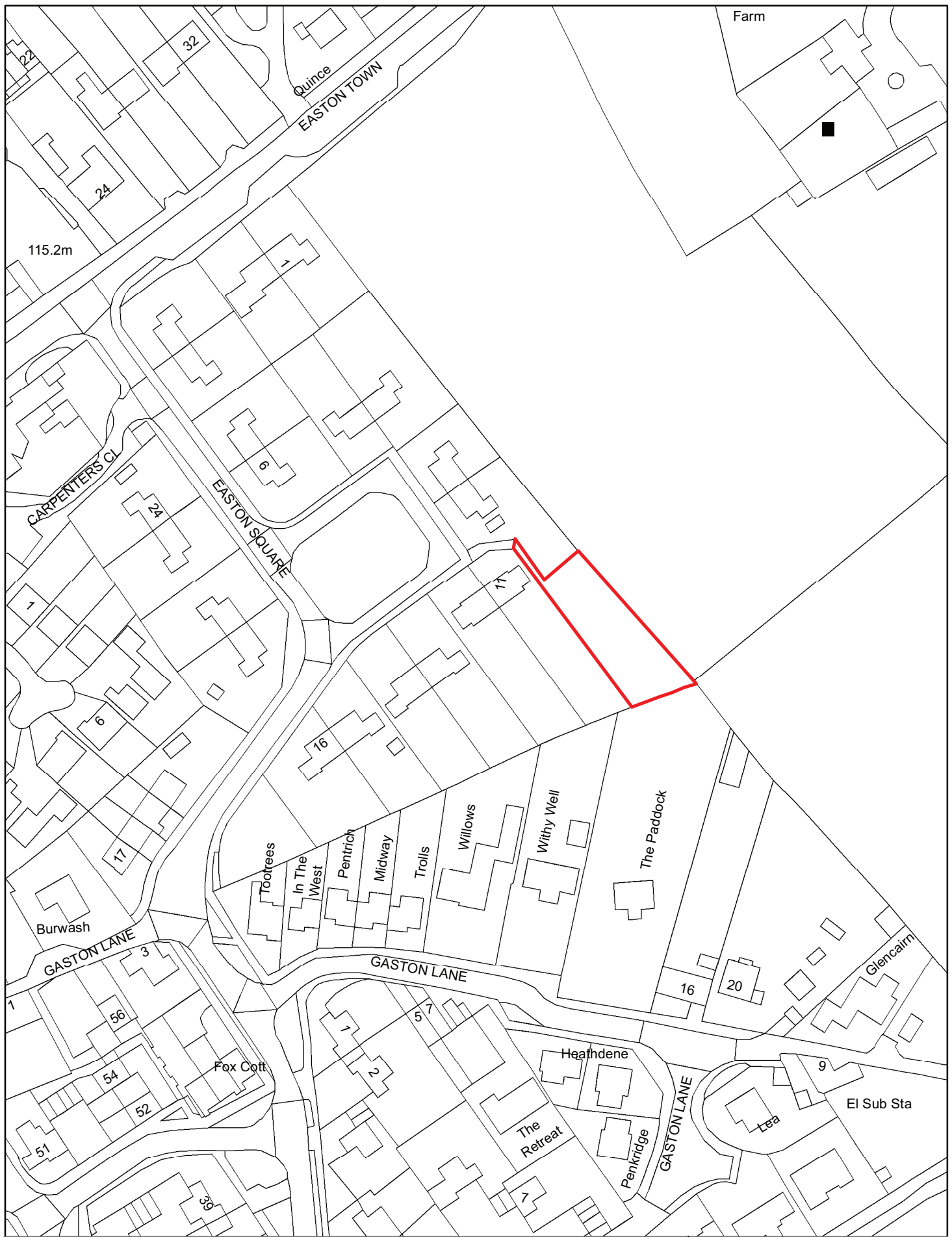
Appendices


Appendix A – Plan of council owned land

Appendix B – Plan of proposed site including nos.11 & 12 Easton Square

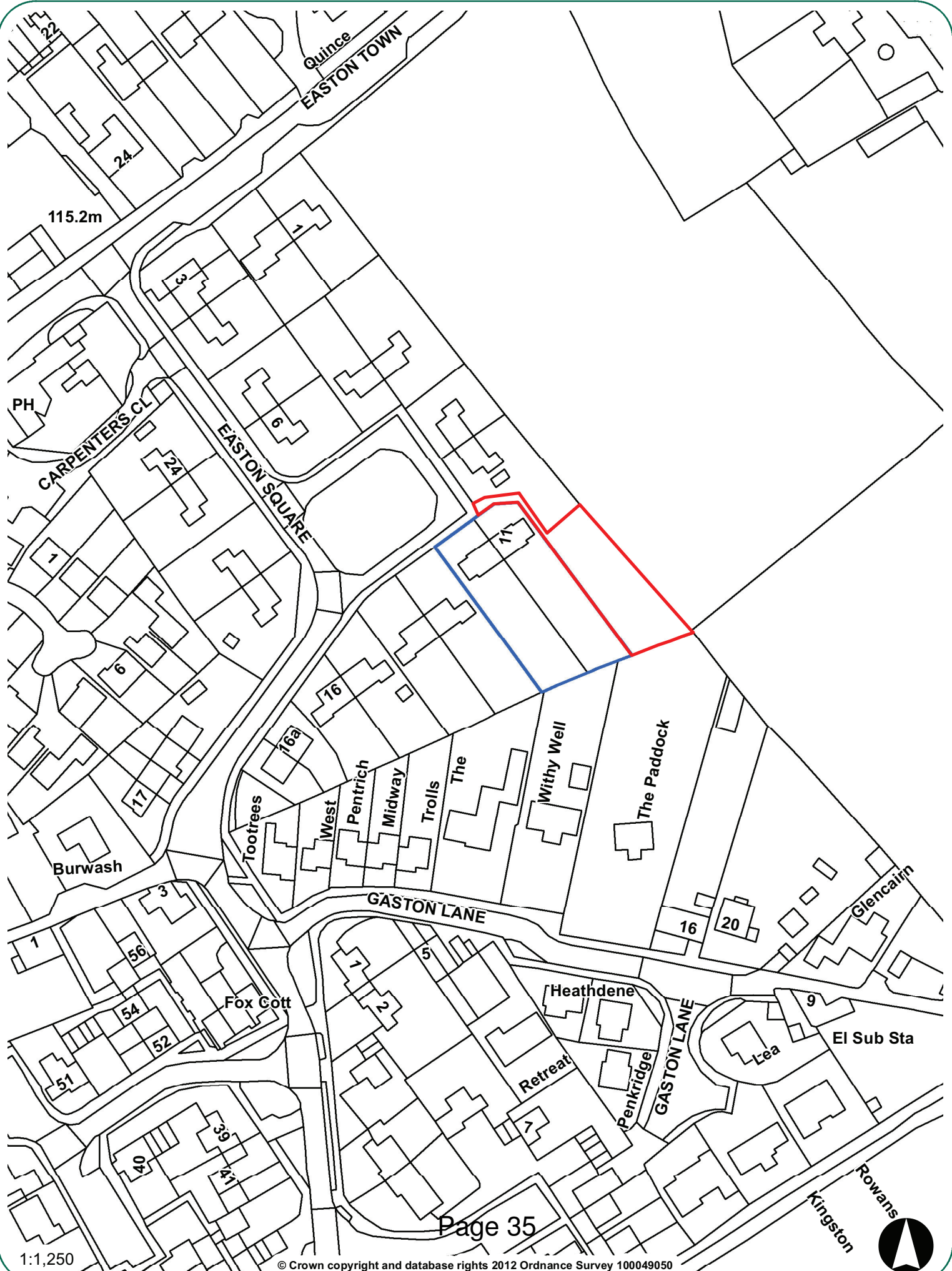
Appendix C – Sketch plan of proposed development

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Title:		Sherston land at Easton Square		<small>This map is based on Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationary Office. © Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Wiltshire Council 100049050 (2010).</small>	
Date:	26th March 2010	Ian Carlton BSc BA MSc EngD Page 33 Corporate Director, Resources Telephone 0300 456 0100		 Wiltshire Council Where everybody matters	
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Design Services Meriton Park Chippendale NSW 1505 SM 14 004 Tel: 01249 468485 Fax: 01249 468007 P Bowley RIBA Asset Manager		WESTLEA HOUSING ASSOCIATION EASTON SQUARE SHERSTON	
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Project No.	11-15	Checked by	MG
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WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

24th May 2012

Subject: Housing PFI Phase 2 sites

Cabinet Members: Councillor John Thomson

Key Decision: Yes

Executive Summary

The Council's final business case for the Housing Private Finance Initiative (PFI) project was approved on 15 December 2011 and contracts signed on 21 December 2011.

The overall project is to deliver 350 new rented homes with £77 million revenue support grant (RSG) from the government. The RSG for phase 1 is £53.24 million with a further allocation of £23.76 million to deliver phase 2.

The build contract for phase 1 is to deliver 242 new homes in west Wiltshire. The first units started on site on 9 January 2012.

The £23.76 million RSG for phase 2 is dependent on achieving financial close of phase 2 by 21 December 2013. This in turn is dependent on confirming phase 2 sites by 21 June 2013.

The current proposal is to target financial close of phase 2 by 29 March 2013 and to confirm phase 2 sites by 31 October 2012. To achieve these deadlines, sites need to be identified and approval given to progress these sites through planning as quickly as possible.

Proposal

The proposal;

To approve the allocation in principle of sufficient council owned sites to enable the delivery of 108 new affordable homes through the Housing PFI project phase 2, with a minimum of 48 homes delivered on council owned land as agreed in the Final Business Case, subject to planning.

To agree that all council owned sites in the project will be provided for nil consideration.

Reason for Proposal

Delivery of phase 2 of the Housing PFI project will result in the completion of around 108 new affordable homes to meet the housing needs of residents of Wiltshire and will secure up to £23.76 million revenue support grant.

James Cawley, Service Director – Strategy and Commissioning for Adult Care and Housing

WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

24th May 2012

Subject: Housing PFI Phase 2 sites

Cabinet Members: Councillor John Thomson

Key Decision: Yes

Purpose of Report

1. The purpose of the report is to seek approval in principle to allocate sufficient council owned sites, for nil consideration, to enable the delivery of at least 108 new affordable homes through the Housing Private Finance Initiative (PFI) project phase 2, with a minimum of 48 units delivered on council owned land.

Background

2. The Council's final business case (FBC) for the Housing PFI project was approved by the Treasury on 15 December 2011. Financial close (award of contract) was achieved on 21 December 2011. The contractor is Silbury Housing Limited, part of the Aster Group.
3. The FBC secured approval for 350 new rented homes over two phases with a total of £77 million revenue support grant (RSG).
4. The first phase of the Housing PFI contract will deliver 242 new homes by June 2014 with £53.24 million RSG. Sites for this phase have already been identified and planning permissions achieved. The first units started on site on 9 January 2012.
5. Phase 1 currently produces a substantial financial surplus at the end of the contract. In the event of phase 2 not proceeding, DCLG could 'claw back' approximately £12 million RSG from phase 1. If this was to happen the project would remain affordable to the council, but the surplus would be greatly reduced.
6. The second phase will deliver around 108 additional new homes and will secure up to a further £23.76 million RSG. The remaining £23.76 million RSG for phase 2 is conditional upon achieving financial close on the second phase 2 by 21 December 2013 and confirming the phase 2 sites by 21 June 2013. However, the Council is looking to bring forward the financial close date to March 2013.

7. The FBC included an intention to provide a minimum of 48 units for phase 2 on council owned land at nil consideration. The delivery of more than 48 homes on council owned land may enable the potential to deliver more than 108 new affordable homes with the same amount of revenue funding and will enable delivery of the new homes within a shorter timescale.
8. It is intended that a further report will be brought to Cabinet Capital Assets Committee to recommend the specific sites to take forward for phase 2 and to seek a decision regarding the number of council owned sites to include within phase 2. This report is seeking approval in principle to carry out further feasibility work on the sites listed in Appendix A to enable that decision to be made.
9. The total agreed council annual revenue contribution for both phases is £237,000 at 2012/13 prices, index linked by reference to RPIx for the duration of the contract. Within the £237,000, an amount of £100,000 per annum is specifically allocated for contract management. It is anticipated that the majority of the £100,000 will be spent on Wiltshire Council internal contract management costs although this sum will also need to cover any external costs, including professional fees, in connection with managing the operational budget.
10. Set up costs for phase 2 of the project are additional to the agreed revenue contribution detailed above. A budget of £234,000 is currently allocated for set up costs for phase 2 in 2012/13. This is being reviewed in the light of the faster delivery timescales for phase 2 which are now required.

Main Considerations for the Council

Identification of sites

11. To achieve delivery of phase 2 of the Housing PFI project, council owned sites need to be identified to deliver in excess of 48 new homes. This is to allow for potential planning, technical and title issues which may emerge, preventing development of some of the sites.
12. The proposed list of sites to be considered for allocation to the Housing PFI project is set out at Appendix A. A timeline for phase 2 is attached at Appendix B. Both of these documents were considered by the Housing PFI Project Board on 24 April 2012.
13. DCLG would require any council owned sites to be provided for nil consideration. This is likely to be on a 125 year leasehold basis as per phase 1 of the project.
14. It is expected that the remaining units will be provided on sites purchased by the contractor on the open market or from Persimmon Homes.

Capital Receipt

15. All of the potential sites identified have an alternative use value. In some cases the anticipated capital receipt for these sites has already been factored into the capital programme. Further work is required to identify the impact of disposing of these sites to the contractor at nil consideration to deliver affordable homes through the Housing PFI project.
16. The total estimated capital receipt lost would be approximately £2 million. Options are being explored to identify alternative properties, not currently declared surplus, to feed into the capital programme to replace this lost capital receipt.

Planning

17. Delivery of all the potential sites will be subject to planning in addition to technical and title investigations. Further discussions with Development Services are required to identify any planning policy constraints.

Environmental Impact of the Proposal

18. Delivery of new homes will impact on the local environment. However, any new development will comply with planning policy requirements and be sensitive to the local environment.
19. It is proposed that all the new affordable homes in phase 2 will be delivered to Code for Sustainable Homes Code level 4, which provides for a very good level of energy efficiency and reduces the negative impact of new development on the environment.

Equalities Impact of the Proposal

20. The provision of new affordable homes enables those unable to meet their needs in the open market to access good quality housing.
21. The new homes will be allocated in accordance with the council's allocations policy. It is proposed that the council will receive nominations to 100% of the new homes throughout the contract period and 75% thereafter.

Risk Assessment

22. There may be an element of abortive work. To mitigate the risk of issues that might arise which may prevent successful planning applications, it is proposed that more sites, as identified in Appendix A are taken through feasibility and planning stages than are required for the delivery of 48 units. However, even if some of the sites are not required for the delivery of the project, the feasibility and pre-planning work will inform future decisions regarding the use of those sites.
23. Two of the three identified sites are not due to become vacant until early 2014 and rely on the completion of other developments in Devizes and

Warminster. These developments have planning permission and are due to start on site shortly. This should ensure completion by the end of 2013 allowing for vacation of the sites by 2014.

24. There is a predicted loss of capital receipt through using sites for affordable housing rather than sale for best consideration. However, it is a corporate priority to deliver more affordable homes in Wiltshire to meet identified needs. Enabling the delivery of affordable homes through the Housing PFI project secures revenue support grant for funding of the new homes with minimal revenue cost to the council. In addition, work will be carried out to identify opportunities to replace lost capital receipt through identification of alternative surplus assets.
25. If the council does not identify potential sites for the delivery of housing through the PFI project, there is a risk that phase 2 will not be deliverable as there is a commitment within the FBC that a minimum of 48 units should be provided on council owned land.
26. Phase 1 financial close occurred in the context of rapidly deteriorating funding conditions in the PFI market. It was previously assumed that the funder of phase 1, would also fund phase 2. However, it now seems unlikely that this will be the case and an alternative funding route will, therefore, be required. There are likely to be complexities associated with co-ordinating the phase 1 debt with a new tranche of phase 2 debt if the latter were to be provided by a different lender. Risks associated with managing phase 2 debt will have to be managed appropriately. This risk will potentially affect the delivery of the project overall including the viability and timescales for delivery. However, it does not directly relate to the decision to approve, in principle, the consideration of the use of council owned sites at nil consideration to deliver phase 2 of the Housing PFI project.

Financial Implications

27. Capital budget implications. There are predicted capital budget implications as a number of the identified sites have already had a potential capital receipt identified within the capital programme. It is anticipated that the value of the sites required for phase 2 will amount to approximately £2 million. If the value of the sites identified means that the council will no longer receive £2m as a capital receipt then the council will lose out on the ability to repay its debt or finance other capital expenditure. Losing £2m equates to a revenue cost of £0.2m per annum which represents the additional Principal and interest costs of borrowing £2m. The council could also lose the ability to leverage further amounts of money as capital receipts and other funding if the current planned uses for the sites are changed.
28. Revenue budget implications. As detailed in paragraph 9 above, a revenue contribution of £237,000 per annum has been agreed. This is made up of £100,000 for contract management costs and £137,000 which will be paid to the contractor. This £137,000 represents the difference

between the unitary charge payable to the contractor and the RSG. Please note that Unitary Charge payments will not be payable until the first block of homes has been certified as available for occupation by the independent certifier: such payments are currently anticipated to be payable from September 2012. Therefore the full cost in 2012-13 will be less than the agreed Council contribution of £237,000. The full amount of Council contribution (indexed) will apply from 2013-14 onwards. Within the current Housing PFI budget there are also allowances for set up costs for phase 2.

29. As mentioned above there may be scope to deliver more than 108 additional homes, subject to the affordability of phase 2. This is dependent on a number of factors including the cost (if any) of the land, the funding solution and government agreement not to 'claw back' any surplus RSG.

Legal Implications

30. By the Local Government Act 1972 the Council has the ability to dispose of sites in its ownership at less than the best consideration that can reasonably be obtained for those sites. If the disposal is at an undervalue of less than £2 million in aggregate terms then the "general consent" may be used to allow the sale. However, if the undervalue is £2 million or greater then an application to allow the sale will have to be made to the appropriate Secretary of State. In phase 1, although the value of the sites was such that they fell within the general consent to transfer at zero consideration, the banks required an application to the Secretary of State to mitigate any risk of challenge. This may also be a requirement of the funder of phase 2.
31. The transfer of land by the Council at a large undervalue to a commercial organisation is, on the face of it, contrary to state aid rules. However, two factors counter this assertion. Firstly this whole PFI project was the subject of an extensive procurement which contemplated the donation of land as part of the resulting financial arrangements. Secondly recent communications from the European Commission indicate that projects which are entirely of a social nature and operate within a very restricted geographical area will be considered to fall outside of the state aid prohibitions. The project may, therefore, fall outside of the prohibitions.
32. The PFI contract contains no obligation on any party to proceed with phase 2, that is to say the construction of these 108 homes. Delivery of phase 2 is an option within the contract that can be activated on the agreement of the parties to it. There is therefore no need for any additional procurement activity but there will be a need for additional legal (and financial) work to vary the costing and other aspects of arrangements and transfer land. There is no risk of a procurement challenge to the project as a result of activation of this option, indeed it will reduce the procurement risk on which see the paragraph immediately below.

33. The original tender and advertising notice for this contract stated that the Council's requirement was 400 new affordable homes. The later decision to phase the requirement with phase 2 being optional was referred by the Council to external counsel (Michael Bowsher QC). The advice received was that this was a variation to the advertised specification, although not a material variation and so the risk of a successful challenge on this point was low. The activation of the option will bring the number of homes to be built very much closer to the original specification and so remove any question of challenge from this part of the procurement process.

Options Considered

34. Option 1. Contractor to purchase all sites on the open market. There is a commitment within the Final Business Case to deliver a minimum of 48 units on council owned land. Therefore this may not be approved by the CLG. There are also issues with the ability to source, purchase and secure planning permission on sufficient sites to enable delivery within the target timeframe. Purchase of sites on the open market will also be more costly than the use of council owned sites and would reduce the value for money of phase 2.
35. Option 2. Use of land owned by the sub-contractor, Persimmon Homes. This remains an option if the contractor is unable to secure sufficient sites. However, as above the FBC contains a commitment to deliver a minimum of 48 of the units on council owned land. These sites would also be offered at full market value and would significantly reduce the value for money of phase 2.
36. Option 3. Do not proceed with phase 2. There is an option not to proceed with phase 2. As set out above, this presents a risk (albeit low) of challenge to the original procurement process which specified the delivery of 400 new homes through the PFI contract. In addition, the government has allocated £23.76 million RSG to the delivery of phase 2 subject to the deadlines set out in paragraph 6 above. The council will lose this investment in new affordable homes in Wiltshire, plus the potential £12 million claw back on phase 1, if it does not proceed with phase 2.

Conclusions

24. The provision of sufficient council owned sites at nil consideration to deliver at least 108 new affordable homes through Housing PFI phase 2, with a minimum of 48 delivered on council owned land, will enable delivery of these units within the proposed timescales and will make a significant contribution to meeting affordable housing needs in Wiltshire.

***Proposal**

25. To approve the allocation in principle of sufficient council owned sites to enable the delivery of 108 new affordable homes through the Housing PFI project phase 2, with a minimum of 48 homes delivered on council owned land as agreed in the Final Business Case, subject to planning.

To agree that all council owned sites in the project will be provided for nil consideration.

***Reason for Proposal**

26. Delivery of phase 2 of the Housing PFI project will result in the completion of around 108 new affordable homes to meet the housing needs of residents of Wiltshire and will secure up to £23.76 million revenue support grant.

James Cawley, Service Director – Strategy and Commissioning for Adult Care and Housing

Report Author:

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15 March 2012

Background Papers

Wiltshire Council Social Housing PFI Project Final Business Case, 16 November 2011

Appendices

Appendix A – proposed list of council owned sites to be considered for allocation to phase 2 of the Housing PFI project

Appendix B – phase 2 timeline

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