

# WEST WILTSHIRE DISTRICT COUNCIL

## MINUTES

Minutes of the: **SPECIAL MEETING OF WEST WILTSHIRE DISTRICT COUNCIL**

Held on: **TUESDAY 19 JULY 2005**

Held at: **COUNCIL OFFICES, BRADLEY ROAD, TROWBRIDGE**

Present: Councillors Batchelor (Chairman), Blakemore, Bower, Brice, Brown, Burnan OBE, Carbin, Chivers, John Clegg, Marion Clegg, Conley, Content, Cox, Cunliffe-Jones, Davis, Farkas, Fortescue, Hames, Hawker, James, Knight, Manasseh, March, Mounde, Mudge, Oakman, Newbury, Oldrieve, Osborn, Payne, Rosier, Viles and Wiltshire.

Officers: Chief Executive (AP), Corporate Directors (IJ & TD), Housing PFI Project Manager (CT), Housing Services Manager (GH), Legal and Democratic Services Manager (SB), Press Officer (LK) and Member Support Team Leader (YR)

Also in attendance: Kevin Hanlon of 4pS and John Garrity of Grant Thornton (Advisors)

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**1 Minute Silence**

This being the first meeting of Council since the bomb attacks in London, the Chairman asked those present at the meeting to join him in a moment of silence as a mark of respect and remembrance

### **343. APOLOGIES**

Apologies for absence were received from Councillors Barker, Bryant, Clark, Phillips, Repton, Swabey, Syme, Whatley-Gibbs and Wiltshire

### **344. DECLARATIONS OF INTEREST**

The following interests were declared:

Cllrs Marion Clegg, Cox and Osborn – Board members of West Wiltshire Housing Society

Cllr James – member of the Council's PFI Project Board

Cllr Bower – Board member of West Wiltshire Housing Society and a member of the Society's PFI Board

### **345. QUESTIONS RELATING TO THIS MEETING ONLY**

No questions had been received.

### **346. OPEN FORUM**

Mr Holley - Chair of Corsley Parish Council and Mr Morland made open forum presentations concerning the West Wiltshire Housing Private Finance Initiative (minute no. 342 below refers)

### **347. WEST WILTSHIRE HOUSING PRIVATE FINANCE INITIATIVE**

Tim Darsley, Corporate Director introduced Kevin Hanlon and John Garrity, advisors on the PFI project.

He referred to the Seminar held on 12 July when a detailed presentation was given on the PFI project to update Members to assist them in reaching a decision at this meeting.

He gave a brief background to the project which had commenced in 2003. The purpose of the project was to contribute to meeting the District's housing needs as identified by the housing needs survey. This could not be met solely from funding from the Housing Corporation, registered social landlords or through the planning process by way of S.106 agreements.

The advantage of the PFI project was that it would be financially advantageous to the Council as it would be largely funded by the Government.

Initially an expression of interest was lodged in 2003 which attracted support in principle from the ODPM in May 2004. Following Member approval, advisors and the PFI Project Manager were appointed to progress the project.

Council considered the outline business case at its meeting on 8 February 2005. The ODPM had expressed concern over the cost of the scheme and members had also been concerned about the set up costs and potential risks. At that meeting, Council asked officers to further investigate and review the project with a view to reporting back to this special meeting.

Officers had now had an opportunity to review the project and this had proved to be time well spent. Council was now being asked whether or not it wished to proceed with the project.

Chris Trowell, Housing PFI Project Manager gave a PowerPoint presentation largely based on the presentation made at the Seminar on 12 July. He focussed on the key issues raised at that Seminar.

Originally it was intended that the project would provide 500 homes. The ODPM had now suggested that this be reduced to 400 which would be provided with 100% nomination rights for the 30 year contract period. There would also be a revision to the housing mix and unit sizes to provide more one and two bed-roomed units and flats.

Ian Jamieson, Head of Finance referred to the financial aspects of the project. Detailed financial information, including financial projections, formed part of the presentation. It was noted that:

Set up costs would be approximately £1m and affordability was achieved through the use of capital resources and S.106 deposits.

Current financial position was challenging with future projections of revenue budget shortfalls for 2006/07 to 2008/09 ranging from £900k to £500k. There was significant uncertainty around the future level of central government grant.

On-going revenue costs would be £195,000 per annum (indexed linked) for 30 years. The index used and movement in that index over the 30 years would be an additional risk to the Council. There would also be ongoing staff time and resource implications.

Revenue savings from not proceeding with the project amounted to £374k of set up costs and the annual payment of £195k for 30 years.

Key risks associated with the project would need to be carefully managed.

It was noted that the cost of each unit had been significantly reduced from £201,000 to £151,000 which equated to a 25% reduction.

Members were also advised on the land allocation. This Council would provide land for at least 100 homes with bidders providing the balance. A list of sites was presented for inclusion in the project. Officers understood that the land allocation could be a sensitive issue amongst Members, Town and Parish Councils and local people. However, the release of land was seen as crucial to the project.

Members were invited to consider a series of options as follows:

- agree additional revenue funding and submit an outline business case
- to give a three month deferral to work with another Council
- to give a six to nine month deferral to work up a joint framework agreement with other Councils
- make an indefinite deferral until there was greater certainty
- withdraw from the scheme

The Chief Executive explained that this project would provide an enormous opportunity to provide much needed units of accommodation which would go some way to meeting the identified need. He emphasised that the project would be largely funded by the Government. However, he pointed out that the ongoing costs to the Council would make the Council's budgets even harder to balance. The choice was to either accept the significant shortfall in housing provision and withdraw from the scheme or to proceed with the project.

The PFI Project Board had met that day and formulated its recommendations to proceed with the project based on Option 1 as detailed in the report, with additional recommendations, details of which were circulated.

Cllr Carbin, Portfolio Holder for Finance moved the recommendations which were seconded. In so doing, he thanked officers and advisors and Cllr Mounde, the previous Portfolio Holder for the tremendous work they had carried out. He was

confident that the set up costs were robust. He emphasised that the scheme was reliant on the land allocation and urged Members to resist identifying sites for withdrawal from the scheme. He considered that those not supporting the list of sites should vote against the project in its entirety.

He explained that the ODPM would be looking to see not only if the project received approval, but how strongly it was being supported by Members. A significant vote in favour of the project proceeding would allow officers to present the outline business case to the ODPM in confidence.

A debate ensued during which officers and advisors answered Members' questions on various aspects of the project.

**RESOLVED:**

- (a) That the Council proceeds with the Housing Private Finance Initiative (PFI) scheme based on option 1 of the report presented to Council.**
- (b) The ODPM's suggestion of a 400 unit scheme of all rented homes be accepted. The outline business case to be worded so that increasing the number of units would remain a possibility.**
- (c) The Council confirms its agreement to provide land for at least 100 units at nil cost into the PFI scheme.**
- (d) The indicative list of Council owned sites as presented is included in the outline business case, subject to work continuing to bring forward substitute sites prior to Intention to Negotiate (ITN) stage.**
- (e) The Council agrees to make an annual revenue contribution of £195,000, index linked from April 2004, for the 30 year contract period.**
- (f) The Council confirms the appointment of Hammonds as legal advisors for the scheme.**
- (g) An updated outline business case is prepared on the basis of these resolutions.**
- (h) Authority be delegated to the PFI Project Board to confirm the content of the outline business case and the final details of the scheme.**
- (i) The outline business case be submitted to the ODPM as soon as is practicable.**

**Note: Recorded Vote**

The above decisions were the subject of a recorded vote as requested and the voting was recorded as follows:

**For the decision (26)**

Cllrs Batchelor, Blakemore, Bower, Brice, Burnan OBE, Carbin, John Clegg, Marion Clegg, Conley, Cox, Cunliffe-Jones, Davis, Farkas, Fortescue, Hames, Hawker, James, Knight, Manasseh, March, Mounde, Mudge, Oakman, Oldrieve, Payne and Viles

**Against the decision (6)**

Cllrs Brown, Chivers, Content, Newbury, Osborn and Rosier

**Abstentions (Nil)**

(7.00 pm – 9.30 pm)

These minutes were prepared by Yamina Rhouati, Member Support Team Leader, who can be contacted on direct line 01225 770322 or email [yrhouati@westwiltshire.gov.uk](mailto:yrhouati@westwiltshire.gov.uk)