

**IMPLEMENTATION EXECUTIVE
26 NOVEMBER 2008**

PRIVATE FINANCE INITIATIVE – PROGRESS REPORT

Executive Summary

To advise the Implementation Executive on the submission of an Expression of Interest (EOI) Bid for a Private Finance Initiative (PFI) for social housing.

Proposals

That the Implementation Executive:

- a) note the EOI bid for a PFI for social housing.
- b) request a report on the resource and financial implications for the Council in relation to developing this Social Housing PFI bid further.

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PRIVATE FINANCE INITIATIVE – PROGRESS REPORT

Background

1. Communities and Local Government (CLG) announced on in early August 2008 there would be a PFI Round Six bidding process for Social Housing. The first stage of this bidding process ended on 31 October 2008 with Local Authorities submitting an Expression of Interest (EOI).

The PFI Round Six can be best summarised as follows:

- CLG are making £18 billion available for this PFI Round Six
 - CLG are expecting individual bids from Local Authorities in the region of total PFI credits of £150 million
 - CLG are encouraging bids to focus on regeneration, general needs housing and specialist housing.
2. Due top the specialist nature of developing a PFI bid the County Council have contracted Grant Thornton to provide advice / assistance and to develop the EOI bid for Round Six of the PFI for Social Housing.
 3. This project is a cross Council initiative involving key officers from:
 - Finance
 - Corporate Procurement
 - Housing
 - Children and Family Services
 - Adult Social Care

Main Considerations for the Implementation Executive

4. Initially discussions with IE had indicated that an EOI bid would involve social housing around the following areas:
 - General needs housing
 - Extra Care housing for Older people
 - Supported accommodation housing for people with learning disabilities, people with mental health support needs
 - Specialist supported accommodation for young homelessness including Care leavers.
5. The CLG Round Six PFI initiative has made available up to £18 billion of credits to meet social housing need in England. CLG have indicated that each individual PFI EOI bid should be in the region of £150 million. The EOI bid must be based on a clear strategy evidencing housing need that can be delivered within the time frame of the PFI bid. CLG have indicated that they would be looking to support bids that delivered affordable housing and regeneration within urban areas and specialist supported housing.
6. The County Council employed Grant Thornton to support the development of the EOI bid. Grant Thornton have extensive experience of submitting Private

Finance bids Initially discussions with Grant Thornton confirmed the need for a EOI to be based on a strategic needs analysis. Adult Social Care have developed an Accommodation Strategy for Older people that has identified an Extra Care housing need of nearly 1000 units over the next 10 years. Similarly housing needs analysis for people with Learning Disabilities and People with Mental Health needs have been undertaken identifying significant need for supported accommodation over the next 2 – 7 years.

7. Following analysis of the Adult Social care housing need and the costs associated with PFI housing it was agreed by the key officers and Grant Thornton that an EOI bid around meeting the Accommodation needs for Adult Social Care would be strong, providing a clear message to CLG that the Council was looking to meet the needs of many vulnerable people.
8. As part of the PFI EOI evaluation various procurement options available to the Council were considered to deliver the accommodation needs of older people, people with learning disabilities and people with mental health needs. These were as follows:

Do nothing

Much of the care for the elderly in the County is currently provided through ageing care homes. These are owned by the Council, but operated by third parties. They would require significant refurbishment and major repair investment over the next 10 years. This would not be value for money, nor would it alter the quality of the infrastructure or service delivered.

Older people do not have a choice in the type of accommodation with care. Currently if an older person cannot be supported in their home they have to move to a Care home. A Care home is the last option for an older person and is a sign that Care agencies have failed to enable the older people to remain in their own homes.

The 'do nothing' option would leave the County with a 20th century level of care provision. A number of care homes are in need of investment to keep them up to modern standards and meet the needs and aspirations of people. This is contrary to the current policies for elderly care of providing their own living environment with care support for as long as possible.

People with Learning Disabilities or Mental Health Needs within Wiltshire have a limited choice on how their housing needs are met. The County Council is too reliant on the provision of Care homes and this over reliance is having a significant negative impact on the Adult Care budget and does not provide opportunities for people with learning disabilities and mental health users to fully contribute to communities

A number of specialist Care homes are not fit for purpose and do not meet the needs and aspirations of people.

Large Scale Voluntary Transfer (LSVT)

The 3 of the 4 the District Councils have undertaken LSVT in recent years, and hence prior to the move to Unitary status. Even if LSVT had not taken

place, this extra care and Independent Living initiative would still require substantial capital or revenue subsidy, which local LSVT's do not have access to, nor are able to prioritise against the needs of their existing stock.

Arms Length Management Organisation (ALMO)

The new Unitary County does-not perceive the need for an ALMO, given the LSVT's which have already taken place.

In any event, ALMO's were established to undertake decent homes refurbishment works, and not the substantial new build re-provisioning programmes envisaged by this project.

Social Housing Grant

Social Housing Grant is available from the Housing Corporation to support the development of affordable housing. There is a limited amount of SHG that could be awarded to RSL's working with the Council to deliver affordable housing. Due to the projected housing need for general needs housing and vulnerable people it is not envisaged that there would be sufficient SHG from the Housing Corporation to meet this need.

PFI

The Private Finance Initiative provides the Council with the opportunity to bring much needed capital investment into the county to meet housing need. The uniqueness of PFI means that the Council can maintain a strong control over both design specification and service delivery, something which is not always the case under other methods of procurement. This is a particularly important factor given the client groups the project will be serving, vulnerable young, and the elderly.

9. An EOI bid has been submitted requesting PFI credits for £1 million to provide 375 number of Extra Care housing and 45 number of supported housing across Wiltshire. The EOI bid does not at this stage identify specific sites to be developed and is flexible to allow the numbers between Extra Care and Supported Living to be amended. Similarly there is enough flexibility within the bid to allow for other client groups to be included in the Supported Living element of the bid. This would allow during the development of the actual bid for the Council to consider whether the bid should include other vulnerable groups, for example Young Homelessness.

Policy Framework

10. The EOI bid falls within the Council's policy framework. If the EOI bid is supported by CLG a number of further reports will need to be developed that will require Executive.
11. A key priority for the Council under the LAA will be the delivery of affordable housing. The EOI PFI bid if successful will make a significant step to achieving this target.

Consultation

12. The needs analysis for Extra Care Housing and Supported Living has been developed following consultation with existing and future service users. If the Council receives a favourable response from CLG to the EOI PFI bid a series of workshops will be held for Members, Users, Carers User representative groups and the Third Sector regarding the detailed proposals that will form the housing development programme of the bid

Timescales

13. The timetable for the potential development of the bid is as follows:

Stage	Dates
Submission of Expression of Interest	October 2008
Invitation to submit Outline Business Case	February 2009
Submission of Outline Business Case	October 2009
Project Review Group approval of OBC	January 2010
Publication of OJEU notice	March 2010
Receipt of Pre Qualification Questionnaire responses	May 2010
Issue of Invitation to Submit Outline Solutions documentation	July 2010
Receipt of Invitation to Submit Outline Solutions responses	September 2010
Issue of Invitation to Submit Detailed Solutions documentation	November 2010
Receipt of detailed submissions	February 2011
Clarification, and selection of competitive dialogue bidders	May 2011
Issue call for final tender bids	November 2011
Receive final tender bids	February 2012
Selection of preferred bidder	April 2012
Submission of detailed planning submissions and reserved matters	May 2012
Final clarifications	May 2012
Submission of Final Business Case	July 2012
Financial Close	September 2012
Start on Site	November 2012

Environmental Impact of the Proposal

14. At this stage the Environmental Impact cannot be identified as the sites that will be developed have not yet been determined. If the Council receive a

positive response from CLG in relation to this PFI bid then there an Environmental Impact for all the sites to be developed will be undertaken.

Equalities Impact of the Proposal

15. All the properties that will be potential built within this PFI EOI bid will meet the Lifetime Homes Standards.

Financial Implications

16. As stated Grant Thornton were commissioned to support the development of the EOI bid. The cost to the Council for this work was £20,000 plus VAT.
17. The Council needs to consider the potential financial support required to develop and implement this proposed PFI bid for Housing. Following discussion with Grant Thornton and consideration of previous PFI bids undertaken by Wiltshire County Council and West Wiltshire District Council it is estimated that the revenue required to develop the bid through to actual start of the housing development work will be in the region of £1 million. These revenue implications relate to the external support required around legal, financial, property and development, and excludes any internal resources. It is estimated that £300,000 will be required to develop the PFI bid during 2009/10. A revenue bid is being prepared as part of the Council budget setting process for 2009/10 to cover this estimated cost of preparing the PFI bid.

Legal Implications & Risk Assessment

18. If the Council receive a favourable response from CLG in relation to the PFI EOI bid for affordable housing then future reports will identify the key legal implications.
19. If the Council does not proceed with the PFI bid it will have to consider how it will provide affordable housing for older people, people with learning disabilities and people with mental health needs against a significant increase in demand and an ever increasing cost of social care services.

Background Papers: EOI Bid Document

Appendices: None.