

## AGENDA

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Meeting: **CABINET CAPITAL ASSETS COMMITTEE**  
Place: **Kennet Room - County Hall, Trowbridge BA14 8JN**  
Date: **Tuesday 19 January 2016**  
Time: **2.00 pm**

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Please direct any enquiries on this Agenda to Will Oulton, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 713935 or email [william.oulton@wiltshire.gov.uk](mailto:william.oulton@wiltshire.gov.uk)

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

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### Membership:

|                                      |   |
|--------------------------------------|---|
| Cllr Fleur de Rhé-Philipe            | Cabinet Member for Economic Development, Skills and Strategic Transport   |
| Cllr Baroness Scott of Bybrook O.B.E | Leader of the Council   |
| Cllr Toby Sturgis                    | Cabinet Member for Strategic Planning (strategic and development management), Property, Waste and Strategic Housing |
| Cllr John Thomson                    | Deputy Leader and Cabinet Member for Communities, Campuses, Area Boards and Broadband                               |
| Cllr Dick Tonge                      | Cabinet Member for Finance, Performance, Risk, Systems Thinking, Procurement and Welfare Reform                     |

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### Substitutes:

|                       |  |
|-----------------------|--|
| Cllr Keith Humphries  | Cabinet Member for Health (including Public Health) and Adult Social Care  |
| Cllr Laura Mayes      | Cabinet Member for Children's Services   |
| Cllr Jonathon Seed    | Cabinet Member for Housing, Leisure, Libraries and Flooding  |
| Cllr Stuart Wheeler   | Cabinet Member for Hubs, Governance (including information management), Support Services (HR, Legal, ICT, Business Services, Democratic Services), Heritage & Arts and Customer Care |
| Cllr Philip Whitehead | Cabinet Member for Highways and Transport  |

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# 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 and Substitutions**

**2 Minutes of the previous meeting (*Pages 7 - 10*)**

To confirm and sign as a correct record the minutes of the Cabinet (Capital Assets) Committee meeting held on 10 November 2015.

**3 Leader's Announcements**

**4 Declarations of interest**

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

**5 Public Participation and Questions from Councillors**

The Council welcomes contributions from members of the public. This meeting is open to the public , who may ask a question or make a statement. Questions can also be asked by members of the Council. Written notice of questions or statements should be given to Will Oulton of Democratic Services by 12.00 noon on Thursday 14 January 2016. Anyone wishing to ask a question or make a statement should contact the officer named above.

**6 Corsham Mansion House (*Pages 11 - 20*)**

 Report by Carlton Brand, Corporate Director.

**7 Award of Hard FM Contracts Lots (*Pages 21 - 30*)**

 Report by Carlton Brand, Corporate Director.

**8 Extra Care Housing Programme (*Pages 31 - 40*)**

 Report by Maggie Rae, Corporate Director.

9      **Gas and Electricity Supply** (*Pages 41 - 52*)

🔑 Report by Carlton Brand, Corporate Director.

10     **Urgent items**

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

11     **Exclusion of the Press and Public**

This is to give further notice in accordance with paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item in private.

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 Numbers 12,13,14, 15 and 16 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.

Reason for taking item in private:

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

**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**

12     **Corsham Mansion House (Part ii)** (*Pages 53 - 94*)

13     **Award of Hard FM Contracts Lots (Part ii)**

Appendix is to follow

14     **Extra Care Housing (Part II)** (*Pages 95 - 102*)

15     **PFI School Playing Fields (Part II) (Pages 103 - 108)**

Report by Carolyn Godfrey, Corporate Director.

16     **Procurement of Cleaning Services for September 2016 (Pages 109 - 118)**

 Report by Carlton Brand, Corporate Director.

*Our vision is to create stronger and more resilient communities. Our priorities are: To protect those who are most vulnerable; to boost the local economy - creating and safeguarding jobs; and to support and empower communities to do more themselves.*

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## **CABINET CAPITAL ASSETS COMMITTEE**

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DRAFT MINUTES of a MEETING held in KENNET ROOM - COUNTY HALL,  
TROWBRIDGE BA14 8JN on Tuesday, 10 November 2015.

|                            |   |
|----------------------------|---|
| Cllr Fleur de Rhé-Philippe | Cabinet Member for Economic Development, Skills and Strategic Transport   |
| Cllr Toby Sturgis          | Cabinet Member for Strategic Planning (strategic and development management), Property, Waste and Strategic Housing |
| Cllr John Thomson          | Deputy Leader and Cabinet Member for Communities, Campuses, Area Boards and Broadband                               |
| Also in Attendance:        | Cllr Stuart Wheeler, Cllr Anthony Trotman and Cllr Richard Gamble   |

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

### **80 Apologies and Substitutions**

Apologies were received from Cllrs Dick Tonge and Baroness Jane Scott OBE who were substituted by Cllr Philip Whitehead and Cllr Laura Mayes for this meeting only.

### **81 Minutes of the previous meeting**

The minutes of the previous meeting, held on the 15 September 2015, were presented.

#### **Resolved**

**To approve as a correct record and sign the minutes of the meeting held on 15 September 2015.**

### **82 Leader's Announcements**

There were no leaders announcements.


### **83 Declarations of interest**

There were no declarations of interest.

### **84 Public Participation and Questions from Councillors**

It was noted that no requests for public participation had been received.

## 85 **Schools Capital Investment Priorities 2016 -2019**

 Councillor Laura Mayes presented a report which asked the Cabinet to agree the Schools Capital Investment Programme for 2016-2019.

Issues highlighted in the course of the presentation and discussion included: that the report followed the approval of the School Places Strategy at Cabinet earlier in the day; that the funding had been drawn down from central government and developer contributions; that some funding should come from the possible Army Re-basing programme; the details of the projects, and the works proposed to take place; the timings of projects in accordance with the strategy; the proposals for special needs provision within mainstream settings; the small number of condition related refurbishment schemes; and how some of the revenue cost can be capitalised as part of the programme.

### **Resolved**


- 1. To note the status of March 2014 approved school capital schemes as shown at Appendix A.**
- 2. To approve the Schools Capital Investment Programme (Basic Need) for 2016-2019 as outlined at Appendix B.**
- 3. To delegate responsibility to the Director for Children's Services to progress the work necessary to provide an 18 place Resource Base at Castlemead Primary Academy, as part of the proposed expansion of the school to 2FE, as at Appendix C.**
- 4. To approve the Schools Capital Investment Programme (Planned Maintenance) totalling £2.5M for 2016/17 as outlined at Appendix D and to agree that a further £2.5M be held pending priorities for 2017/18.**
- 5. To approve the Schools Refurbishment/Replacement Programme for 2016/17 as outlined at Appendix E.**
- 6. To authorise the Corporate Director for Children Services to invite and evaluate tenders for the projects described in this report, and, following consultation with the cabinet member, to award the contract for the project (subject to approval of any necessary statutory proposals) and to authorise, in consultation with the Head of Strategic Asset & FM (or the Asset Portfolio Manager (Estates), in accordance with the relevant scheme of sub-delegation (under paragraph 7 of Part 3B of Wiltshire Council's constitution)), the acquisition of all land (and the completion of any legal documentation) reasonably required in order to facilitate the Schools Capital Investment Programme.**



Reason for Decision:

The Council has a statutory duty to provide sufficient high quality school places to meet the demand arising across Wiltshire, whether from demographic or population change, Core Strategy housing development growth and the Army Re-Basing programme. The Cabinet has recently approved the Wiltshire School Places Strategy 2015-2020 and Implementation Plan which clearly identifies the priorities for capital investment in the short, medium and longer term and this proposed Schools Capital Investment Programme will enable the priority works to be progressed. The Council also has Landlord responsibilities for the effective management and maintenance of the schools (for which the Council is responsible) estate and the investment programme will enable urgent and priority repairs and maintenance projects to proceed .

## 86 **Gypsy and Traveller Planning Document Update**

 Councillor Toby Sturgis presented a report which informed members of the outcome of an assessment of land for inclusion as potential new traveller sites in the Gypsy and Traveller Development Plan Document (DPD) and sought endorsement for the next steps; and to include providing capital budget. In his presentation, Cllr Sturgis recommended that the proposed resolution be amended to include reference to consultation with the Cabinet Member for Finance.

Issues highlighted in the course of the presentation and discussion included: that the Gypsy and Traveller DPD follows the adoption of the Core Strategy; that there remains of need for additional sites within the County; and the complexity of resourcing and purchasing the land.

### **Resolved**

**That, to help deliver a sound and effective Gypsy and Traveller DPD, authority be delegated to the Cabinet Member for Strategic Planning, Development Management, Strategic Housing, Property and Waste in discussion with the Associate Directors of Economic Development and Planning, Finance and Property Services and the Cabinet Member for Finance for the identification and acquisition of land on the open market to deliver the permanent pitch requirement for 2014-2024; and suitable additional emergency stopping places for travellers; and to allocate budget to do so.**

Reason for Decision:

There are a number of drivers for pursuing the option to purchase land for allocation in the emerging Gypsy and Traveller DPD. These include:

- (i) The legal requirement in the Housing Acts for councils to provide for the accommodation needs of Gypsy and Travellers in its area.

- (ii) The requirement in national planning policy for councils to respond positively to the accommodation needs of travellers, a commitment the Council has also made to the Wiltshire Core Strategy Inspector.
- (iii) The benefits of reducing unauthorised encampments / developments.
- (iv) The need to provide a choice in the size, type and location of traveller sites in Wiltshire.
- (v) The requirement to maintain a five year supply of housing included in national policy.

## 87 **Urgent items**

There were no urgent items.

## 88 **Exclusion of the Press and Public**

### **Resolved**

**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the following items of business because it is likely that if members of the public were present there would 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.**

Reason for taking the item in private:

Paragraph 3 – information relating to the financial information or business affairs of any particular person (including the authority holding that information)  
No representations have been received as to why this item should not be held in private.

## 89 **Gypsy and Traveller Planning Document Update (Part ii)**

The Committee noted the additional information in the context of their discussions earlier on the agenda.

(Duration of meeting: 2.00 - 2.20 pm)

These decisions were published on the 13 November 2015 and will come into force on Monday 23 November 2015

The Officer who has produced these minutes is Will Oulton, of Democratic Services, direct line 01225 713935 or e-mail [william.oulton@wiltshire.gov.uk](mailto:william.oulton@wiltshire.gov.uk)  
Press enquiries to Communications, direct line (01225) 713114/713115

**Wiltshire Council**

**Cabinet Capital Assets Committee**

**19 January 2016**

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**Subject: Corsham Mansion House - Preferred Delivery Programme**

**Cabinet Member: Cllr Fleur De Rhe-Philippe**  
**Economic Development, Skills and Strategic Transport**

**Key Decision: Yes**

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## **Executive Summary**

In January 2015 the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) was awarded a £2.56 million Local Growth Fund (LGF) grant to enable Wiltshire Council to deliver a 'Digital technologies business incubation and learning centre' within redeveloped facilities at the Mansion House site in Corsham. This funding is matched by the value of the land and the building (which Cabinet resolved to withdraw from sale on 20 January, 2015 to ensure that they could be used for this purpose), valued at £1.5 million, giving an overall project value of £4.06 million.

Since approval of the LGF grant fund, officers within Economic Development and Planning directorate have been working with local partners to refine the brief and scope of the project which is due to be delivered between April 2016 and April 2017. On 21 July 2015 Cabinet Capital Assets Committee approved the expenditure of £350,000 to support the forward planning and development of this project ahead of the full LGF grant being made available in May 2016. These funds will be claimed back by the Council once the LGF funds are made available.

This report provides a review of the delivery programme.

## **Proposals**

That:

- (i) Cabinet considers and approves the suggested delivery programme for the refurbishment and redevelopment of the Mansion House property.
- (ii) Cabinet delegates authority to the Associate Director for Economic Development and Planning, in consultation with the Leader of the Council and the Cabinet Member for Economic Development, Skills and Strategic Transport and with agreement from the SWLEP Board, to implement the delivery programme and ensure the wider vision for Corsham is realised.

**Reason for Proposals**

To ensure that the Corsham Mansion House project, as proposed and developed by Wiltshire Council in collaboration with the SWLEP, is delivered on time and on cost and that the future development of the site is brought forward through a phased and controlled process.

**Dr Carlton Brand**  
**Corporate Director**

**Wiltshire Council**

**Cabinet Capital Assets Committee**

**19 January 2016**

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**Subject: Corsham Mansion House - Preferred Delivery Programme**

**Cabinet Member: Cllr Fleur De Rhe-Philipe**  
**Economic Development, Skills and Strategic Transport**

**Key Decision: Yes**

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**Purpose of Report**

1. This report seeks commitment from the Cabinet Capital Assets Committee to the timing and process for the delivery of the Digital Corsham project.

**Relevance to the Council's Business Plan**

2. The following key actions and outcomes in the Council's Business Plan are relevant to this report:

Key Action Two: Stimulate economic growth in partnership with the SWLEP

Outcome One: Wiltshire has a thriving and growing economy

Outcome Three: Everyone lives in a high quality environment

3. The Swindon and Wiltshire Growth Deal provides capital investment towards a range of infrastructure projects that underpin our economy, including highways improvements, urban regeneration and business and economic development.

**Main Considerations for the Council**

4. The Corsham Mansion House delivery programme has moved through the design and concept stage and progressed to the detailed costings and early construction phase.
5. Based upon the early costings developed for the Outline Business Case in November 2014 and detailed inspection of the condition of the existing Mansion House property completed in June 2015 the Economic Development team working in conjunction with Procurement and Corporate Build have commenced the more detailed design and build stage.
6. A Design User Group is formulating a design brief to inform the project team to be appointed by Corporate Build.
7. Future stages of development at the Mansion House site, including an extension to the existing Mansion House and development to the rear of the site, will be developed after the initial stage of delivery.

## Background

8. The Swindon and Wiltshire Growth Deal was agreed between Government and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) between July 2014 and January 2015. In total, £140 million of devolved Government funds were allocated to the SWLEP area to support delivery of several major infrastructure projects. In Wiltshire, over £38 million has been allocated to eight different projects, attracting an additional £39 million of local investment and supporting the creation of over 7,000 jobs locally.
9. The Digital Corsham project received a Local Growth Fund (LGF) grant of £2.56 million from central government in late January 2015. Since approval of the LGF grant fund, officers within the Economic Development and Planning directorate have been working with local partners to further develop the brief and scope of the project which is due to be delivered between April 2016 and April 2017.
10. On 21 July 2015 Cabinet Capital Assets Committee approved the expenditure of £350,000 to support the forward planning and development of this project ahead of the full LGF grant being made available in May 2016. These funds will be claimed back by the Council once the LGF funds are made available.
11. A programme for the delivery of the Digital Corsham project has now been developed which ensures the project vision is delivered whilst also minimising risk to the Council. This report provides a review of this programme as well as other considerations related to the project.
12. The overall cost of the project is fixed in line with the LGF allocation of £2.56 million. Therefore, additional costs incurred through abnormal or unforeseen additional expenses require the Council to diversify the investment mechanism, increase the level of Wiltshire Council investment or reduce the scope of the initial phase of the project in order to remain within the budget allocation. The initial scope of the project was developed in line with Government processes and followed the HM Treasury Green Book methodology for developing projects. This initial review of requirements does not include an in-depth and detailed review of all costs and contingencies and is based on a high-level professional review of requirements.
13. Following approval in July 2015 from the Cabinet Capital Assets Committee, it was agreed to spend up to £350,000 of the LGF allocation ahead of it being available from central government to pursue Full Business Case status.
14. It was raised at the Joint Strategic Economic Committee of 30 September 2015 that in relation to the Digital Corsham scheme the cost of refitting the Mansion House had increased substantially. In response to queries it was stated it was planned for the scheme to receive further Council investment in the Mansion House itself, with a commercial solution for phase 2 of the scheme regarding the land behind the Mansion House and the wider digital offer, and that a paper would be taken through Wiltshire Council's Cabinet Capital Asset Committee and back through the SWLEP Commissioning Group to recommend an option to the SWLEP Board.
15. The reported increase in cost was due to a report by consultants which took a very risk averse approach and costed in a number of contingencies which inflated the budget. This report has been reviewed by officers and in order to

keep the project moving it was initially suggested that the focus be on the refurbishment of the old building. Following more detailed discussion with the project and corporate build teams it has now been ascertained that the total project is deliverable within the budget limitations.

## **Overview & Scrutiny Engagement**

16. The Swindon and Wiltshire Local Enterprise Partnership Joint Task Group considered the core assessment criteria used by the LEP to discover and prioritise schemes at its March meeting and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) monitoring and evaluation framework to cover its Growth Deal with Government at its August meeting.
17. The Joint Task Group has not yet considered specific projects within the delivery programme but may do so as its work programme for the year includes reviewing how the framework the LEP uses to prioritise its schemes was developed.

## **Safeguarding Implications**

18. There are no safeguarding issues related to this report.

## **Public Health Implications**

19. The local economy is a known contributor to the wider determinants of health. A struggling local economy can lead to higher unemployment throughout the local population. This in turn can impact on the mental and physical health of the population in terms of increasing levels of personal debt and associated mental ill health, fuel poverty, child poverty and homelessness.
20. The work of the SWLEP delivered through nationally competitive Growth Deals, aims to deliver over 25,500 jobs in Wiltshire and attracts over £500 million of private sector investment to our economy. This will help ensure that Wiltshire's economy remains strong and resilient and that employment figures remain high.

## **Procurement Implications**

21. The project development and delivery works discussed in this report will be procured from relevant parties in line with the Wiltshire Council regulations and process pertaining to corporate procurement. Advice and guidance has been sought and will continue to be sought from the Corporate Procurement Unit prior to embarking on any procurement activities.

## **Equalities Impact of the Proposal**

22. The Department for Business, Innovation and Skills published its Equality Impact Assessment (EQIA) for Growth Deals in July 2014. The report concludes that the Growth Deal programme has no adverse impact on any protected group and that the proposed funding decision is neutral in advancing equality of opportunity between persons who share the relevant protected characteristic and persons who do not share it.

23. As projects develop, Wiltshire Council officers will continue to consider the equality implications locally and ensure that there are no negative impacts. This will be done via a local Equalities Impact Assessment and will be consulted throughout the lifetime of their development and delivery.

### **Environmental and Climate Change Considerations**

24. Through the development of the Growth Deal there will be an increase in demand for, and consumption of, energy in Wiltshire. However, these proposed developments also present opportunities for innovative and pioneering solutions in terms of meeting the challenges ahead of rising energy costs and disrupted supply.
25. The Growth Deal offers the chance to support the necessary transition to a low carbon economy which will reduce energy costs and consumption, as well as securing supply for businesses and residents. Through the Growth Deal Wiltshire can develop and grow into a low carbon business destination of choice.
26. The planned housing, road improvements, and business growth and expansion, provide an opportunity to embed the development of a low carbon infrastructure and sustainable building practices. This in turn will also support the local skills agenda, offering opportunities for apprenticeships, up-skilling of the workforce and supporting emerging technologies and patent development.

### **Risk Assessment**

#### **Risks that may arise if the proposed decision and related work is not taken**

27. Delivery will be delayed.

#### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

28. The table below captures the risks together with impacts and probability assessments and mitigation suggestions.

| <b>Risk</b>  | <b>Impact<br/>(0-4)</b> | <b>Prob<br/>(0-4)</b> | <b>Total</b> | <b>Mitigation</b>  |
|--|-------------------------|-----------------------|--------------|--|
| Any potential withdrawal of LGF funds.                         | 4                       | 1                     | 4            | Ongoing discussion of project delivery to be pursued through the SWLEP Commissioning Group, Joint Strategic Economic Committee and SWLEP Board to ensure proactive dialogue.   |
| Cost escalation due to unknown/unforeseen construction issues. | 2                       | 2                     | 4            | A full and detailed condition survey has been carried out to identify the extent of construction risk and required contingency. Ongoing monitoring throughout delivery will ensure further issues and risks are identified early and dealt with efficiently. |
| Lack of buy-in from local partners.                            | 1                       | 2                     | 2            | Ongoing liaison with local partners will continue. A user/design group has been established to ensure the project is delivered to the specifications required by the end   |



|                               |   |   |   |  |
|-------------------------------|---|---|---|--|
|                               |   |   |   | user.  |
| Delay in the planning process | 2 | 1 | 2 | Pre-application discussions have taken place and work has been undertaken on conservation and transport. Planning application under preparation to be submitted for March. |

## Financial Implications

29. Actual Council expenditure on the project to date has been as follows:

- Feasibility assessment by Lacie Hickie Caley Ltd £5,574 (£4,645)
- Order of Cost Estimate and options study by Ward Williams Associates £3,199
- Condition Survey by Faithful and Gould £7,830
- Site hoardings (including design and installation) by LHC and Signs Express - £9,834
- Business Case by DTZ - £4,680

A total of £31,117 has therefore been spent on the project. All expenditure to date is included in the total project budget, which includes the £350,000 commitment made at Capital Assets Committee in July 2015.

30. It is estimated that a further £70,000 expenditure will be incurred to the end of the financial year 2015/16 on construction costs, surveys, architects' fees and project management fees. Total expenditure to financial year end is therefore anticipated to be approximately £100,000.

31. Facilities Management will continue to pick up the running costs for Mansion House until the project is delivered; this is circa £9k per annum and is a budget pressure.

32. The project business case, produced by DTZ, shows that the project will be able to generate sufficient revenue to cover operational costs. This is provided at **Appendix 2**.

33. The provision of 'Big Data' to Mansion House from a marketing approach will require, in relative terms, a small sum. These costs however can be consumed by the Operator or sunk into the overall build contract:

- £17k per annum quote from BT Business to provide a 200 Mbps connection to the internet over a 1 Gbps link. This can be upgraded to a full 1 Gbps, but associated costs would be significant. These costs however would be borne by the Operator.
- Current quotes for providing the IT infrastructure to enable the delivery of these services are approximately £20k, but these costs would be passed on to the contractor and form part of the contract work.

34. Therefore, the delivery programme proposals put forward in this report are supported as there are no revenue consequences, if this were to change the Council, through the delegation, will need to identify how this is funded. At this stage this is seen as a low risk.

## Legal Implications

35. There are no specific legal implications beyond normal procurement regulations. Lead project officers continue to liaise closely with legal services officers to ensure the Growth Deal is successfully managed and implemented in Wiltshire.

## Options Considered

36. Delegate authority to Associate Director and Cabinet Member to allow procurement and letting of contract to allow construction to proceed.

**Table 1: Digital Corsham Delivery Programme**

| Task   | Completion Date            |
|--|----------------------------|
| Define brief and concept design and site surveys | January/February 2016      |
| Detailed design                                  | March/April/May 2016       |
| Planning Approval                                | May/June/July 2016         |
| Tender and contract                              | June - September 2016      |
| Pre-construction                                 | August/September 2016      |
| Construction and fit out                         | September 2016 – June 2017 |
| Handover   | June 2017                  |

**N.B.** The above timeline is indicative and based on the levels of information currently available to the lead officers. Through further design and development work a more detailed articulation of the delivery programme will be developed.

37. The project is expected to come within budget and detailed cost analysis is currently being undertaken to understand the cost, expected to be circa £2.56 million, inclusive of professional fees, furnishings and telecommunications.

## Conclusions

38. The preferred option is for Cabinet to delegate authority to allow procurement and letting of contract to allow construction to proceed, with agreement by the SWLEP Board.


**Alistair Cunningham**

**Associate Director Economic Development and Planning**

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Report Author:  
Angela Hays, Manager, Economic Growth  
[Angela.hays@wiltshire.gov.uk](mailto:Angela.hays@wiltshire.gov.uk)  
01225 718484  
9 December 2015

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

| Document Name               | Document  |
|-----------------------------|---|
| Cabinet Report 21 July 2015 | <br>15-0611 Cabinet<br>report - Cash Flowing |

**Appendix 1:** Indicative Capital Costs (Part 2 Appendix)  
**Appendix 2:** Mansion House Outline Business Case

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**Wiltshire Council**

**Cabinet Committee**  
**19 January 2016**

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**Subject:**                   **Award of Hard FM Contracts Lots for property compliance and maintenance activity**

**Cabinet member:**   **Councillor Dick Tonge – Finance & Procurement**

**Key Decision:**       **Yes**

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## **Executive Summary**

The compliance of the council's property estate to the requirements of the law and its maintenance is delivered through a collection of Hard FM service contracts. Following an extensive Opportunity Assessment process the contracts have been rationalised and reduced down to 5 key contract lots with all contracts due to start on 1<sup>st</sup> April 2016.

The council has conducted the procurement of the new contracts using the Restricted Procedure under Regulation 28 of The Public Contracts Regulations 2015. The procurement has followed a two stage process. Following the publishing of the OJEU notice, companies expressed interest via the Supplying Southwest Portal. Based on evaluations by service managers and representatives from the Finance Team, with the Corporate Procurement Team acting as moderators, a list of potential tenderers was prepared and those companies invited to tender.

The details of the tendering exercise, scoring, and financial information is contained in a confidential report to be considered in Part 2 of this meeting.

## **Proposal**

The proposal is to be considered as a Part 2 Item at this meeting.

## **Reason for Proposal**

There is a need to ensure the continued delivery of legal compliance and maintenance services across the entire council-owned property portfolio including hubs, leisure centres (including those currently managed and operated by the private provider), depots, campuses, and LA schools when the existing contracts expire on 31<sup>st</sup> March 2016.

Following a procurement exercise in accordance with the Restricted Procedure, tenders have been submitted for all 5 contract lots which have been assessed in terms of price and quality.

The most advantageous tenders, taking into account quality and price, should be accepted in accordance with the procurement procedures. The detailed scoring and financial information is contained in a confidential report to be considered in Part 2 of this meeting.

**Barry Pirie**  
**Associate Director People and Business**

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**Subject:**                   **Award of Hard FM Contracts Lots for property compliance and maintenance activity**

**Cabinet member:**   **Councillor Dick Tonge – Finance & Procurement**

**Key Decision:**       **Yes**

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### **Purpose of Report**

1. To describe the procurement approach followed, and request authority from members of the committee for the execution of contracts on this basis.

### **Background**

2. The council has a continuing need for a property estate from which to provide its full range of services. With the rationalisation of the estate, buildings are becoming more multi-functional housing a variety of services delivered by both the council and its public service partners. The number of sites encouraging public access is increasing as the council continues to try and reshape the relationship with its customers.
3. Buildings must accommodate these changing needs. This is reflected in the on-going requirement for appropriate legal compliance, maintenance and servicing requirements delivered by the FM contracts. Buildings must be:
  - Safe
  - Economically and sustainably maintained to ensure continued functionality the required standard of repair (practical and aesthetic)
  - Suitably serviced to ensure all building users can focus on delivering their services from an appropriate environment.
4. FM services are delivered across the entire council-owned property portfolio including hubs, leisure centres (including those currently managed and operated by the private provider), depots, campuses, and LA schools.
5. The majority of FM services have been outsourced for over 10 years with specialist contractors in each discipline. Some operational activity such as post, locking/unlocking, meeting room management, low level maintenance etc. is delivered in-house by local council staff.
6. The existing delivery model for FM services has been instrumental in the successful on-going rationalisation and transformation of the property estate, and the transformation of services.

7. Letting contracts to specialists in each discipline continues to be the favoured approach, providing:
- Higher levels of performance and quality standards.
  - Assurance of general technical competence, and on-going technical training and development within the discipline.
  - Cost effective - within the FM environment, individual providers do not have the full range of capabilities across all disciplines and must outsource, with the associated mark-ups, many elements when all disciplines are packaged into a single contract.
  - The ability to flexibly and transparently react to the changing scale of the council's property portfolio and operational needs.
  - The opportunity for local contractors to bid for manageable sized contracts within their areas of specialism.
8. Flexibility and scalability have been built into the most recently tendered FM contracts and the principles of genuine 'partnership' have been emphasised. This has enabled the contracts to be managed within a reducing annual budget.
9. It enables specific areas of work to be removed and delivered through other means without lengthy and costly contract negotiations. For example, as a result of removing exclusivity clauses from the service contracts areas of work have been identified that can be more cost-effectively delivered by in-house FM staff. It is anticipated that a similar approach applied to those longer standing contracts will deliver the same financial discipline and deliver savings.
10. Research from the wider local authority market place suggests that the council's approach is favoured by most. A small amount of in-house contract management resource overseeing the delivery of a range of out-sourced, specialist contracts is proving to be the most resilient and manageable approach, particularly during periods of significant change to services and in a climate of annual budget cuts. With flexibility in new contracts, annual savings can be strategically targeted at a specific service area and delivered by reducing the annual value of a specific contract.
11. In support of the council's Business Plan and the priority of a strong local economy, this approach is also the most effective way of ensuring that SME's and local businesses are able to bid for areas of the local authority's business. Single, large-scale multi-disciplined contracts are prohibitive to any providers other than large, national or multi-national organisations. Of the 26 different companies invited to tender across the 5 lots, 11 were SME's.
12. All Hard FM contracts have been procured in the last 4 years. Savings were generated through those procurement processes. However over this time period, the potential mix of contracts, the type of legal contract, and administration and management have all evolved, meaning that there remains significant room for improvement and potential savings in this area.



13. The approach adopted was to:

- Reduce the number of Hard FM contracts from 8 to 5 and offer on 5 year terms – smaller number of contracts will deliver economies of scale, simplify administration and delivery and the 5 year term provides stability for the council and providers enhancing partnership approach and sharing common goals.
- Improve the specifications for Term Maintenance and Mechanical & Electrical contracts
- Assure flexibility around increases/decreases to property portfolio i.e. approach to variations
- Work with the Housing Repair Service (HRS) on Lot 5 (Asbestos) and let a joint contract for both SA&FM and HRS.
- Incorporate flexibility into Lot 3 (Water Testing) to ensure that it is accessible by HRS when that service's existing water testing service expires.
- Align termination dates of the FM contracts to enable future inclusion in the WOS for the HRS, subject to the future development and suitability of the WOS for contract services across the wider council property portfolio.
- Incorporate current Police FM contract service requirements as and when the Police are ready to integrate this activity, or parts of it, with the council.
- Incorporate modern contract administration requirements (web-based job request, work monitoring, completion, invoicing) into the contracts and stipulate through procurement that all contractors use the council's software system.

14. Five contracts (lots) were tendered:

- Lot 1 – Measured Term Contract
- Lot 2 – Mechanical & Electrical
- Lot 3 – Water Monitoring
- Lot 4 – Fire Alarms & Extinguishers, Intruder Alarms, CCTV
- Lot 5 – Asbestos

15. The main benefits to be derived from this approach are:

**Lot 1 – Measured Term Contract**

- A single contract for the whole of the county
- Use of NEC3 Contract – benefits include the contractual encouragement of collaborative working and sharing objectives
- Shift towards planned maintenance away from reactive

**Lot 2 – Mechanical & Electrical**

- Single provider of servicing for all plant and electrical systems
- Development of a single M&E asset register for future service management
- Single site visits for inspection and compliance e.g. boiler + electrical
- Incorporates statutory fixed wire testing

- Improved compliance management and assurance from single provider
- 'Intelligent servicing' – service by demand/use rather than on predetermined schedule reducing visits
- Electrical test by appliance requirements rather than over-testing through standard annual approach

#### **Lot 3 – Water Monitoring**

- Single contract county-wide, accessible by the HRS in the future
- Improved compliance management and assurance from single supplier
- Removal of compliance/monitoring activity e.g. flushing of infrequently used outlets, temperature readings at sentinel outlets etc. to be removed from the contract over time and increasingly undertaken in-house, reducing costs whilst maintaining assurance.

#### **Lot 4 – Fire Alarms & Extinguishers, Intruder Alarms, CCTV**

- Single contract county-wide
- Services can be delivered in single site visits
- Inclusion of Police service requirements once their formal requirements are known, generating economies of scale
- Management of system replacements to ensure future standardisation/harmonisation and associated cost benefits

#### **Lot 5 – Asbestos**

- Single contract county-wide, joint access with HRS
- Existing contract and approach to be used as demonstrably effective and provides required levels of compliance and assurance in high risk area.

16. The duration of these contracts will be 5 year terms with the opportunity to extend for a maximum of 2 years, providing stability for the council and providers, enhancing partnership approach and sharing common goals, delivering measurable financial benefits.

#### **Main Considerations for the Council**

17. The procurement of the new contracts used the Restricted Procedure under Regulation 28 of The Public Contracts Regulations 2015.

18. The approach was as follows:

- An OJEU restricted procedure was followed
- A Market Engagement Day was held for providers to attend to gain an understanding of the Council's upcoming programme of works, and rationale for the procurement process.
- Expressions of interest were received from interested parties, and evaluated in line with pre-determined short-listing criteria.
- Shortlisted companies were invited to tender for individual lots with submissions required on a quality and price basis.
- Quality was evaluated against pre-determined criteria.

- The evaluations of quality and price varied across the 5 lots with the weightings as follows:

| Lot number  | 1  | 2  | 3  | 4  | 5  |
|-------------|----|----|----|----|----|
| Price (%)   | 60 | 60 | 70 | 70 | 70 |
| Quality (%) | 40 | 40 | 30 | 30 | 30 |

- Interviews formed part of the final evaluation.

19. Following the publishing of the OJEU notice 133 companies, both large and SME's, expressed an interest and were invited to submit the Pre-Qualification Questionnaire documentation. By the close of the deadline, 45 firms had submitted their PQQ with 15 opting out and 73 not responding.

20. Evaluation of the PQQ's was completed by service managers and representatives from the Finance Team with Corporate Procurement Officers acting as moderators. Based on this evaluation, 26 companies were invited to tender, with some invited to tender for more than one lot:

- Lot 1 – Measured Term Contract : 8 companies
- Lot 2 – Mechanical & Electrical : 10 companies
- Lot 3 – Water Monitoring : 7 companies
- Lot 4 – Fire Alarms & Extinguishers, Intruder Alarms, CCTV : 6 companies
- Lot 5 – Asbestos : 7 companies

21. Following the issue of the invitations to tender, the following programme was adopted:

| Description   | Date                             |
|---|----------------------------------|
| Issue Invitations To Tender                           | 13 November 2015                 |
| Deadline for submitting clarifications                | 27 November 2015                 |
| Tender submission deadline                            | 4 December 2015                  |
| Evaluate Tender submissions                           | 7 December 2015 – 8 January 2016 |
| Tenderers identified for Interviews and presentations | 17 December 2015                 |
| Interviews & Presentations                            | 21– 22 December 2015             |
| Preferred bidders identified                          | 8 January 2016                   |
| Contract Award  | 19 January 2016                  |
| Mobilisation  | 19 January – 31 March 2016       |
| Contract commencement date                            | 1 April 2016                     |

22. Subject to the outcome of the decision by Cabinet, and assuming no legal challenge is received, the intention is to enter into the contracts as soon as possible in order to provide the maximum lead time before the contract starts on 1<sup>st</sup> April 2016.

23. There will be a significant amount of preparatory work for the successful bidders and the council. Included in this is the likely transfer of employees from the existing suppliers to the new contractors. It will be important to

establish a consistent culture and processes for meeting the employment obligations, especially in connection with the TUPE regulations.

### **Safeguarding Considerations**

24. The benefit of implementing these service contracts is the long-term relationships that can be built with our suppliers. We are therefore in a position to ensure that over the duration of the contracts, all suppliers can be CRB checked to access our properties. All of the FM service contracts cover schools, children's centres, and learning resource centres as part of the overall property portfolio. The contracts give us the ability to hold regular briefings with providers on topical issues such as Safeguarding procedures whilst working in a school setting (as well as other environments where providers will have access to vulnerable clients).

### **Public Health Implications**

25. The award of service contracts will ensure that the Local Authority maintains its property portfolio legally compliant with all public health legislation.

### **Environmental and climate change considerations**

26. All providers have demonstrated adequate capability in respect of environmental management and minimising waste. They have similarly demonstrated a good understanding and response to the Council's specific policies in respect of climate change and carbon reduction.

### **Equalities Impact of the Proposal**

27. All providers are considered to have demonstrated good practice in terms of employment policies and practices, and are considered to have the capability to deliver services efficiently and appropriately in accordance with the Council's Behaviours Framework.

### **Risk Assessment**

28. The service contracts approach is considered to represent a good approach to mitigating the Council's corporate risk, ensuring that the property portfolio is managed and maintained in strict accordance with statutory requirements.

### **Financial Implications**

29. The SA&FM budget has been under severe pressure for many years. Savings from these contract services are required to balance the SA&FM budget. These will be delivered as a consequence of managing down demand – continuing the work to rationalise the property portfolio, to close and decommission buildings and switch off spend across these services.

30. Financial information and savings potential is contained in the confidential report to be considered in Part 2 of this meeting.

## **Legal Implications**

31. Officers from Legal Services have been fully engaged in the procurement of service contracts.
32. There are TUPE implications across all 5 Lots with staff being eligible to transfer from an outgoing to an incoming contractor. The scope and implications of TUPE have been full incorporated into the procurement process.

## **Options Considered**

33. Alternative approaches were explored early in the process during an opportunities assessment. These included the potential for a Total FM approach combining both hard and soft FM; however the adopted approach was considered to offer the greatest means of delivering a high quality service, generating efficiencies and measurable savings.

## **Conclusion**

34. The provision of new service contracts will ensure that the Council continues to manage and maintain its property portfolio in strict accordance with all statutory legislation, whilst also developing partnerships, delivering a high quality service, demonstrating measurable savings throughout the duration of the contract.
35. The results of the evaluations to identify the preferred bidders for the contracts is described in the Part 2 item to be considered at this meeting. The most advantageous tenders for the council, taking into account quality and price, has been identified in accordance with the procurement procedures.

**Barry Pirie**  
**Associate Director People and Business**

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Report Author:

Nick Darbyshire  
Head of Strategic Assets and Facilities Management

Date : 19<sup>th</sup> January 2016

## **Background Papers**

None

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**Wiltshire Council**

**Cabinet Capital Assets Committee**

**19<sup>th</sup> January 2016**

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**Subject: Extra Care Housing Programme**

**Cabinet member: Councillor Jonathon Seed – Housing, Leisure, Libraries and Flooding**

**Key Decision: Yes**

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## **Executive Summary**

In 2011 Wiltshire Council's Cabinet approved the Older People's Development Strategy ([Link to report](#)). The aim of the strategy was to reduce pressure on the hospital and care home system by enabling older people to remain living independently and receive the care and support they need at home. To achieve this, a number of outcomes were identified within the strategy. These are;

- a) Increasing the number of nursing and specialist dementia care homes
- b) Reducing the number of residential homes – aspirational aim to not commission any general residential beds by 2015
- c) Creation of 3 locality centres of excellence for rehabilitative step down and specialist dementia services
- d) Support more people to remain in their own homes by providing greater emphasis on preventative services, especially telecare
- e) Substantial development of extra care housing
- f) Management of future revenue and capital funding requirements

This paper focuses on enabling the development of extra care housing in Wiltshire to provide alternative choices to older people to ensure they are able to live independently in a safe and secure environment in the community.

This report seeks approval to

- g) use the sites, mentioned in this report, for extra care housing
- h) Commence derisking work on some of these sites for a maximum value of £25,000 per site
- i) Delegate authority to the relevant Associate Directors and Cabinet Members to approval any further steps in the process.

## **Proposal(s)**

### **Members are requested to;**

- 1) approve commitment of the sites at Appendix 1 for the delivery of extra care housing**
- 2) approve entering contracts for professional services to enable the**

**de-risking of the sites in preparation for disposal in accordance with the Corporate Procurement & Commissioning Board approach up to a maximum value of £25,000 per site.**

- 3) Members are recommended to delegate authority to the Associate Directors responsible for housing, finance, procurement, legal and assets in consultation with the Cabinet Member for Housing, Leisure, Libraries and Flooding, the Cabinet Member for Strategic Planning, Development Management, Strategic Housing, Property and Waste and the Cabinet Member for Finance, Performance, Risk, Procurement and Welfare Reform to approve;**
- a) following a tender process the transfer of the sites to a Provider or Providers, identified by the tender process, for the delivery of extra care housing, on terms determined as part of the tender process**
  - b) The commitment of some of the external HCA funding to a Registered Provider for the delivery of extra care**
  - c) Entering into funding agreements with HCA, as required, to secure the grant funding.**
  - d) Commitment of Local Authority (LA) funding required to support the delivery of the schemes which has already been allocated to the delivery of the extra care programme**
  - e) The general authority to enter into such documents and authorise such processes as are required to give effect to sub-headings a) to d) above.**

### **Reason for Proposal**

Since the Older People's Accommodation Strategy was first approved in 2011 work has been ongoing to identify sites that would be suitable for the delivery of extra care housing. In addition to this, work has also been ongoing with Registered Providers (RP) to determine their interest in delivering extra care housing in Wiltshire.

This paper proposes the commitment of a number of council owned sites to provide extra care housing and enabling those sites to be put on the market to invite proposals for the delivery of extra care housing.

**James Cawley**

**Associate Director – Adult Care Commissioning, Safeguarding and Housing.**



**19<sup>th</sup> January 2016**

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**Subject: Council House Building Programme Review**

**Cabinet member: Councillor Jonathon Seed – Housing, Leisure, Libraries and Flooding**

**Key Decision: Yes**

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### **Purpose of Report**

- 1.1 To gain approval to use the sites, mentioned in the report, for extra care housing,
- 1.2 To gain approval to commit a maximum of £25,000 per site to de-risking work
- 1.3 to delegate authority to the relevant Associate Directors and Cabinet Members to dispose of the sites to Providers on terms to be agreed, commit the HCA funding secured for these schemes and commit Local Authority (LA) funding required to support the delivery of the schemes which is already allocated to the delivery of extra care housing

### **Relevance to the Council's Business Plan**

- 2. The delivery of extra care schemes across Wiltshire will meet the following priorities, objectives and outcomes in the council's business plan;
  - a) Priority – protect those who are most vulnerable
  - b) Key Action 6 – invest to refurbish council housing and encourage the development of new affordable homes, including supported living in rural areas
  - c) Outcome 3 – Everyone in Wiltshire lives in a high quality environment
  - d) Outcome 4 – Wiltshire has inclusive communities where everyone can achieve their potential
  - e) Outcome 5 – People in Wiltshire have healthy, active and high quality lives
  - f) Outcome 6 – People are as protected from harm as possible and feel safe.

### **Main Considerations for the Council**

- 3.1 The Council currently has a number of sites which would be suitable for the delivery of extra care housing; these are identified in Appendix 1
- 3.2 Registered Providers have expressed an interest in delivering extra care housing on these sites

3.3 It is intended that in order to identify which Registered Provider will deliver the facilities a Procurement process will be carried out and the sites tendered in accordance with the Council's Financial Rules and Regulations

3.4 Alongside this we will be looking to de-risk the sites by undertaking a number of different surveys (e.g. topographical survey, utilities survey, ecology survey, archaeological investigations) at a maximum cost of £25,000 per site

3.5 On disposal, there will be requirement that the successful provider will purchase these surveys from the Council thus covering the costs in full

3.6 If aborted, the costs of these surveys will be met by commuted sums which have already been allocated to the delivery of the extra care housing programme

3.7 On receipt of bids they will be analysed by officers from housing, finance, property, legal services and procurement and a report written for the Associate Directors and Members with delegated approval, to make a decision for each site about; whether to proceed with disposal; what terms to dispose on – freehold or leasehold; what price to accept for the land OR what, if any, additional subsidy to provide to enable the scheme to proceed

3.8 Wiltshire Council will secure nomination rights to the affordable homes in line with the council's allocations policy and procedure for extra care housing

3.9 The Council has secured a number of funding streams to support the delivery of extra care housing in Wiltshire which has to be spent by March 2018

3.10 The Local Authority grant available for a potential top up is money already allocated to the development of extra care housing through the Social Care Infrastructure Grant. This grant is now part of the Better Care Fund

3.11 In order to enable the Providers to deliver extra care housing on the sites identified it may be necessary for Wiltshire Council to provide some local authority funding subject to a full open book assessment process with each provider, this will be subject to further approvals

3.12 The terms for disposal will be negotiated as part of the tender process and will be part of the report submitted to members at a later date as part of the Delegated Authority process. This will be subject to further approvals

## **Background**

4.1 In 2014 Wiltshire Council bid for and secured £5,500,000 of grant funding by the Homes and Communities Agency for the delivery of 250 affordable extra care housing apartments

4.2 In addition, the Council secured a further £2.08m from the Department of Health to deliver 52 new extra care housing apartments and £1.2m Housing Revenue Account (HRA) borrowing approval to deliver 40 new extra care housing apartments

4.3 Three extra care housing schemes are being built by the Council. The schemes being discussed as part of this paper follow a different model where an external provider will build, own and manage the extra care housing. This option has been chosen because there is not enough funding in the HRA account for additional Council built extra care housing

4.4 Extra care housing is not the same as care home accommodation. Each person is able to live independently with their own tenancy in extra care housing. There are communal facilities on site that can be used by tenants and the general public as required alongside 24/7 care and support

4.5 This project, to enable four extra care housing schemes, is part of a wider extra care programme that has been identified in Appendix 1

### **Safeguarding Implications**

5. The provision of suitable accommodation for older people with care and support services provided at home will contribute to ensuring vulnerable people are protected and able to live in a safe and secure environment. The communal facilities available within extra care housing also encourage older people living within the community who are at risk of social isolation to use the extra care housing facilities to meet people and spend time away from their home

### **Public Health Implications**

6.1 The extra care housing will be able to accommodate hoists if required and will be fully accessible

6.2 The extra care housing will have communal facilities and on-site 24/7 care and support services available to respond quickly and flexibly to the health and care needs of residents

6.3 The communal facilities and well-being suites will be available for health services and community groups to use to provide clinics and therapy sessions to benefit both residents and members of the wider community

6.4 These communal facilities will give the option of hosting social activities that will help combat social isolation and thereby help to reduce the incidence of mental health issues such as depression

6.5 The apartments and communal spaces will be designed to be dementia-friendly

6.6 Public Health will support the development of the programme by advising on Health Impact Assessments at an early stage and identifying what the scope and design of relevant HIAs would be

### **Corporate Procurement Implications**

7.1 Terms for disposal of the land to Providers will be developed as part of the tender process and subject to consultation with and approval by Members.

7.2 The Providers will be procured through a full OJEU tender process

7.3 Any procurement routes taken will be in line with the council's procurement regulations and the overall direction set by the Corporate Procurement Board requiring that an open and competitive process is used. It will be expedited in the appropriate timeframes to enable effective reporting, decision making and evaluation of the approach taken and benefits arising

7.4 Where possible the Professional Services Framework will be utilised to procure all services required to de-risk the site. Where this is not possible a tender process will be undertaken in line with the Procurement Rules and Regulations thresholds

#### **Equalities Impact of the Proposal** (detailing conclusions identified from Equality Analysis, sections 4 and 5)

8.1 The extra care housing will promote equality, reduce social exclusion and enable personal independence particularly for older, disabled and vulnerable adults and their carers. This meets both the Council's proactive duties under the Public Sector Equality Duty but also commitments under the Human Rights Act (1998). New affordable homes help to ensure that all members of the community have access to decent, affordable accommodation to meet their needs. Many of the health and well-being benefits (tackling health inequality) are outlined in section 6: It has been proven that good quality accommodation can contribute to overall health and wellbeing and that secure, safe and stable accommodation can enable households to contribute positively to their communities

8.2 Equality impacts will be monitored as the programme progresses and will be integrated throughout the life of the programme including the procurement processes. This is to ensure that the Council's statutory commitments to promoting equality and inclusion and tackling inequality are maintained. The delivery of these homes will also support the delivery of the council's vision to create stronger and more resilient communities

#### **Environmental and Climate Change Considerations**

9.1 The extra care housing provides an opportunity for a long term solution for low cost, comfortable and healthy living conditions for vulnerable people. With careful design from the outset, taking into consideration opportunities for orientation, highly insulated building fabric and energy efficient heat sources the housing provision for residents will enable them to not only afford their homes running costs but to also live comfortably and safely

9.2 As vulnerable residents require a higher than average home temperature for their long term health it is important to incorporate the maximum levels of insulation available, good build design optimising passive solar gain, as well as an efficient heating and hot water solution at the design and build stage. This will have a long term positive impact on their quality of life. By aiming to achieve BREEAM very good standard from the outset will avoid potential expensive retrofit measures to improve living standards and costs for vulnerable residents at a later stage, as well as reduce the energy consumption in the long term and the associated carbon emissions for the county

## **Risk Assessment**

### **Risks that may arise if the proposed decision and related work is not taken**

10.

- a) Hand back the grant funding to the HCA and potentially damage our chance of being awarded more in the future
- b) Care costs increase as older people continue to be admitted into residential care homes
- c) Affordable housing needs for older Wiltshire residents are not met
- d) Older People remain at risk of social isolation who are living within the community

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

|    | <b>Risk</b>                                    | <b>Mitigating Action</b>  |
|----|--|---|
| a) | Insufficient resources to deliver the projects | The majority of the work will be undertaken by the respective Registered providers. Any derisking work will be undertaken as early as possible to ensure workload implications can be planned and managed in accordance with a Project Plan   |
| b) | Cost of delivery                               | There is a risk that with a more buoyant construction sector the cost of building is increasing. This could cause increased build costs or lack of interest from developers and Registered Providers. A detailed site derisking process will be undertaken internally before the sites are transferred to ensure Registered Providers are aware of any development risk areas |
| c) | Planning                                       | There is a risk that the remaining schemes will not achieve planning permission. Discussions are ongoing with planning officers. Terms of disposal would ensure that sites are disposed of subject to planning permission being achieved  |
| d) | Community support                              | Consultation with local parish and town councils has been undertaken to ensure in-principle approval for the Older People's Development Strategy. Further consultation will be undertaken with communities as the projects progress on specific sites   |
| e) | Meeting delivery timescales                    | A number of the funding streams are tied to delivery timescales. There is a risk of losing the funding if the existing timescales for practical completion (March 2018) is not met. Discussions are ongoing with the HCA to ensure they are aware of our efforts in delivering the Programme.   |

## **Financial Implications**

11.1 The Homes and Communities Agency awarded Wiltshire Council £5.5 million for the development of extra care housing of which £1.5 million has been allocated for the development of Council built extra care housing. The remaining £4 has been allocated for investment in the four sites that are the subject of this report. If extra care housing is not developed on these sites in conjunction with Registered Providers, we would have to hand back this grant funding to the HCA which may affect the future potential for receiving grant funding

11.2 Registered Providers will be expected to work with the Council on an open book basis so we can be assured that we are receiving best value on the land we have offered

11.3 A Grant Agreement will be produced between the HCA and the Registered Provider to protect the funding interests of the HCA

11.4 Additional agreements will be put in place to ensure the land is being used for the purposes of the tender exercise and to protect the funding interests of the Council (if additional top ups are required)

11.5 The Local Authority grant available for a potential top up is money already allocated to the development of extra care housing through the Social Care Infrastructure Grant. This grant is now part of the Better Care Fund

11.6 If these sites are developed for Extra Care in conjunction with a Registered Provider it is likely that they will be transferred to the Registered Provider at a nominal value. Capital Receipts will therefore be forgone as detailed in Appendix 2. This will not be known until bids are received which will then be subject to further approval

11.7 Financial modelling still needs to be undertaken to assess whether a model of extra care will generate revenue cost avoidance for the Council, and to take into account Welfare Reform and implications from future changes. This financial evaluation will be completed and given to Committee for review

11.8 There will be holding costs for the sites between the cabinet decision and the commencement of building (or the sale of the sites). These holding costs include security and National Non Domestic Rate payments. Actual spend on security at the both void sites in 2014-15 was £19,000 and £17,180 has been incurred Year to date 2015-16. Security costs vary between the sites depending of their circumstances and type of security provided. It is suggested that Strategic Assets and Facilities Management would continue to manage the void sites while the cost of doing so is carried by housing

## **Legal Implications**

12.1 Terms of disposal will be developed in the tender process. Appropriate mechanisms will be included in the terms to guarantee long term delivery of the

extra care nomination rights. These mechanisms will be negotiated as part of the tender process. This will be subject to further approvals.

12.2 A nominations agreement will be put in place to ensure the Council has 100% nomination rights in the first instance and 75% thereafter.

12.3 A contract will be put in place with an output specification that determines the Council's expectations for the quality of the build and the number of units required

12.4 Tendering these development opportunities through an OJEU tendering process will ensure that there is no "market distortion" or other competition issues that could raise State Aid concerns.

### **Options Considered**

13 An Options Appraisal at Appendix 2 identifies the options considered for each site

### **Conclusions**

14. The delivery of new extra care housing meets a range of objectives identified within the council's business plan and makes best use of capital funding and land resources

**James Cawley**

**Associate Director – Adult Care Commissioning, Safeguarding and Housing.**

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Report Author: Janet O'Brien  
Head of Housing – Strategy and Assets  
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Email. Janet.obrien@wiltshire.gov.uk

### **Background Papers**

[Older People's Development Strategy](#)

### **Appendices**

Appendix One – Extra Care Housing programme - CONFIDENTIAL

Appendix Two – Extra Care Options Appraisal - CONFIDENTIAL

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**Wiltshire Council**

**Cabinet Capital Assets Committee**

**19 January 2016**

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**Subject: Gas and Electricity supply contract post 2017**

**Cabinet member: Richard Tonge - Finance and Procurement**

**Key Decision: Yes**

## **Executive Summary**

The council is commencing the process for procuring the replacement electricity and gas contract to take effect from 1<sup>st</sup> April 2017. Total spend through this contract is approximately £7m per annum and the key procurement objectives are maintaining good quality of service and minimising costs.

A new arrangement must be in place by 30<sup>th</sup> September 2016 if an alternative provider were to be preferred to the current provider. This allows the council to begin the lengthy process of moving supplies and the new provider can start buying electricity and gas on the futures market thus reducing the risk of higher costs if the market rises and maximising the opportunity for lower prices.

An outline business case recommending the use of a public sector framework has already been agreed by Procurement Board.

The proposals are made to address existing risks and provide optimum value for money from April 2017 when the existing electricity and gas contract ends.

## **Proposal(s)**

There are four proposals in this report. These are:

1. That the council takes advantage of flexible in-period purchasing with a risk cap. This will provide an opportunity for greater savings to be achieved, by placing a limited sum at risk.
2. That the council enters into a longer contract after 2017 and takes advantage of current market conditions as well as an extended purchasing window. A five year contract length is recommended.
3. That the council stay with the current provider, West Mercia Energy.
4. An appropriate contractual arrangement is put in place with schools wishing to access the contract and the council recovers the ongoing cost of administration.

**Reason for Proposal**

The proposals are made to address existing risks and provide optimum value for money from April 2017 when the existing electricity and gas contract ends.

**Barry Pirie****Associate Director, People and Business**

**19 January 2016**

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**Subject: Gas and Electricity supply contract post 2017**

**Cabinet member: Richard Tonge - Finance and Procurement**

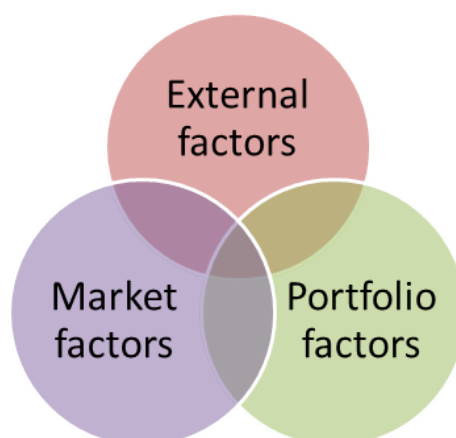
**Key Decision: Yes**

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## **1. Purpose of Report**

This report sets out the recommended energy purchasing strategy for the council from 2017 – 2022 in order to support achievement of value for money and continued resource efficiency.

This report relates to procurement within the relatively complex electricity and gas marketplace. The main factors influencing cost to the authority are illustrated below with a brief summary of these factors and what can be done to mitigate them. This procurement is aimed at addressing the Market Factors element.



Main cost drivers to energy costs

The unit price for electricity and gas comprises the commodity price and standing charges, with each representing about 50% of the overall price. In recent years the commodity price has fallen while standing charges have increased. Reductions in crude oil price only affect the commodity element and falling oil prices can be offset by cost increases elsewhere, resulting in little overall change. Supply and demand and many other factors contribute to the unit price and prices have been seen to move by up to +/-20% between years.

|           | Sources of cost   | Risk   | Mitigation   |
|-----------|---|--|--|
| External  | Weather/climate, legislation  | Heating and cooling costs, additional charges  | Space temperature policy, building design and control  |
| Market    | Suppliers respond to macro-economic issues, trading cost and risk                     | Infrastructure investment, risk cost, environmental taxes and oil price contribute to cost increases             | Procurement strategy, bulk buying  |
| Portfolio | Energy intensive buildings (leisure), operating hours, energy efficiency of buildings | Some facilities are intrinsically higher cost (swimming pools), longer hours and poor efficiency increases costs | Optimise and invest in equipment, minimise operating hours and promote responsible use of energy |

Climatic conditions also heavily influence annual spend on energy. Cold winters increase natural gas costs through additional heating. Warm summers increase electricity costs through additional comfort cooling. Conditions cannot be known in advance and the budget setting cannot reflect this with certainty. Due to the limited history available the electricity and gas budget is based on 2013-14 spend only and is not currently adjusted each year. Adverse conditions during the year or changes in prices may therefore create an overspend which must be compensated for elsewhere within the overall budgets of the relevant service areas. If unit price and weather conditions both move in the same direction the change relative to previous years (and underspend or overspend in a given year) would be magnified. This paper recommends actions that are expected to reduce the risk of overspend.

## **2. Relevance to the Council's Business Plan**

The recommended energy purchasing strategy will ensure the council is efficient and provides good value for money for Wiltshire residents.

## **3. Main Considerations for the Council**

The council is commencing the process for procuring the replacement electricity and gas contract to take effect from 1<sup>st</sup> April 2017. Total spend through this contract is approximately £7m per annum and the key procurement objectives are maintaining good quality of service and minimising costs.

A new arrangement must be in place by 30<sup>th</sup> September 2016. This allows the lengthy process of moving supplies to begin a new contract and the new provider can start buying electricity and gas on the futures market thus reducing the risk of higher costs if the market rises and maximising the opportunity for lower prices.

An outline business case recommending the use of a public sector framework has already been agreed by Procurement Board. Therefore this paper makes recommendations in relation to:-

- The purchasing strategy

- The duration of the contract awarded
- The most appropriate public sector framework
- Schools access to the contract

### The purchasing strategy

The current purchasing strategy employed by the council is a 'purchase in advance' model whereby energy is purchased flexibly through active trading by the provider prior to the contract start date. At the start date a price per unit of energy for electricity and gas is fixed for the year. By comparison, the 'purchasing in contract' model is identical, but only locks the price for four months at a time, and allows the trading activity to continue afterwards. This proposal is expected to reduce the risk of incurring avoidable costs, but is not expected to achieve cashable savings.

The benefits of the current approach include:

- simplicity, as prices do not change within the year;
- flexible purchasing up until the start of the year, which allows the provider to take advantage of the market up to the lock in point, trading flexibly to get the best overall deal.

The disadvantages of this approach include:

- any market opportunities occurring after the lock in point cannot be realised e.g. if the overall market prices fall within contract period or real-time opportunities arise with short term fluctuations in the market.

The council's current provider can provide both strategies and has confirmed that in the most recent contract year the authority sustained higher costs than was necessary because the preferred strategy prevented the provider from adapting to changing market conditions within the contract period. This arose because the current strategy meant some quantities of energy had to be bought at the prices that were current at the start of the year, despite all parties being aware the market was still falling and a better price would be available later. The proposal is therefore to learn from this and change the council's strategy to provide further opportunities within each of the contract years to adjust according to market conditions and take advantage if and where possible. This would not be detrimental if the market were expected to rise however, as the current competent provider would simply purchase a higher proportion of the council's energy requirement sooner in anticipation of prices rising, reducing the council's risk.

The proposal represents the best overall balance of risk and budget certainty and is neither overly risk averse or overly risky. In current times of pressure on revenue budgets and an uncertain world it is recommended that the more flexible stance be adopted with a cap on the risk the council will take to improve budget certainty.

The absolute risk is difficult to quantify as risk appears in different forms. In absolute terms the authority will accept the possibility for up to 10% additional cost each year, with the evidence-backed expectation that most or all of this will be returned unspent in that year. The provider has shown an excellent track

record of achieving avoided cost through active trading, in some cases realising up to 14% avoided costs within a year, in addition to the return of the 10% additional sum at risk.

Essentially the proposal can be considered as a similar risk to when choosing to increase the voluntary excess on insurance in order to reduce the premium. There is a risk involved, but in most cases this results in a net reduction in cost over time. This approach has recently been adopted by the council for insurance. On balance this was deemed to represent a more cost effective balancing of risk and reward. This proposal is consistent with that strategy. Currently WME purchases energy in advance before the contract period starts. The change to purchasing flexibly within period with a risk cap would enable the council to benefit from cost avoidance within year. Evidence from another council suggests avoided costs of 8% for gas and 6% for electricity have been realised because of the ability to trade more flexibly within period. The 10% risked value has been returned in each of the last five years.

### **Recommendation:**

**That the council takes advantage of flexible in-period purchasing with a risk cap. This will provide an opportunity for greater savings to be achieved, by placing a limited sum at risk.**

### **The duration of the contract awarded**

As energy is purchased on a futures market there can be a benefit to a longer contract period which allows for greater forward purchasing and selling opportunities out to the end of the contract. It can also allow for better price certainty forecasting.

Shorter contracts do not offer the same benefits, but they do allow customers to take advantage of other providers when the contract ends, or to leave an unfavourable contract after a shorter amount of time.

The council is currently in a three year contract (2014-2017) having been in a rolling one year contract for eleven years prior to that. The decision to take up a three year contract has been beneficial and has provided price and service certainty until 2017.

However, as this contract was a two year with one year extension this has meant procurement activities will have taken place in four of the five years up to 2017. These activities have a cost and resource implication which could have been avoided had the council had a longer contract in place.

The current market conditions are very favourable so it is a good time to purchase as far ahead as is possible. Giving the provider the maximum potential to exploit the market conditions will deliver the best value for money. Increasing the contract length from three years to five years is expected to increase the potential for delivering savings. In the energy futures market the furthest ahead you can purchase is five years and there is no clear advantage from a contract longer than this.

### **Recommendation:**

**That the council enters into a longer contract after 2017 and takes advantage of current market conditions as well as an extended purchasing window. A five year contract length is recommended.**

#### **The most appropriate public sector framework**

The council is currently contracted with West Mercia Energy (WME). This is a public sector framework, meaning that WME has tendered the requirement and awarded contracts to a successful bidder, or bidders. The advantage of this to other public sector organisations is that they are able to make use of the framework without a lengthy tendering process. The council has the option to choose another pre-procured framework or remain with the current provider.

Unlike purchasing some other commodities the energy price cannot be guaranteed pre-contract over the contract period. For this reason price is less of a factor in selection. Therefore the authority must select the framework that is seen to deliver the best overall quality of service and highest probability of delivering a very competitive price.

The current provider has delivered exceptional customer service and reliability over the existing contract period. A review of the service provided against the service requirements indicates there is very limited scope for another provider to improve upon the current level of service. Changing providers is therefore not expected to deliver improvements in service to offset the resource cost of transferring supplies.

An exercise carried out as part of the procurement activity to take up the contract extension option showed savings on both energy costs and added value services. This was in the region of £300,000 over the contract period. Of this 80% arose through a comparison of current unit rates against those quoted by a competitor for the same period. The remaining 20% arose through action on the part of the provider that directly avoided costs through negotiation with suppliers or similar activity. There is no evidence that there is significant further scope to improve on the price given that such savings were already made by switching from one public sector framework to another. Similarly, it is apparent that high quality service directly delivers cost savings.

Moving to a new provider would not guarantee any financial benefit and represents a risk of a reduction in quality of service relative to the current very high standard. This was assessed in detail in the Opportunity Assessment (2013) and the Outline Business Case (2015). There is also the cost to changing providers that was estimated above and it is considered unlikely this will be offset given the limited scope for improvement and associated potential for avoided costs.

### **Recommendation:**

**That the council stay with the current provider, West Mercia Energy.**

#### **Schools access to the contract**

There is currently no formal contract or agreement specifically covering the provision of electricity and gas to schools. One consequence of this informal arrangement is that schools can opt in and out at any time, which can increase the administration burden to the authority. A further consideration is the trend of schools becoming academies over time. As academies are separate legal entities this will require schools to leave the contract because the contract is not currently open to other organisations. Electricity and gas may be purchased years in advance to achieve attractive prices, but is not paid for by schools until it is received by them. School clients are currently under no contractual obligation to receive and pay for this energy and may leave voluntarily at any time. Furthermore, a large number of schools may become academies and therefore leave the contract for that reason before receiving this energy. Introducing an appropriate contractual arrangement with all schools that wish to access the contract is a simple and transparent way to remove these risks. For this reason it is recommended that the council continue to make the energy contract available to schools from 2017, but that an appropriate contractual arrangement is put in place with schools.

Currently schools have the option to access and take advantage of the rates available via the council energy contract and about 85% of schools have opted to do this. Those schools that do not opt into the contract must source their own energy contracts independently. Individual schools can be expected to receive a less attractive unit rate because risk is not spread across the wider council portfolio and therefore accessing the authority contract can typically be expected to deliver best value for money for schools.

School inclusion in the contract has an impact on council resources as part of the overall contract management and administration. These costs are currently borne by Business Services and no administration fee is charged to schools. Experience over a number of years indicates the resource impact varies between 0.3 FTE and 0.5 FTE. The total resource cost to the authority is assessed to be approximately £ 18,000 per annum. Total annual school spend via the contract is approximately £ 1.63m and a fee of 1.10% would cover this resource cost. On average this would increase the annual cost to a primary school by about £86.

It is recommended that the ongoing cost of facilitating schools inclusion in the contract is covered by a small administrative charge calculated to recover costs only. The framework for setting this charge and the services provided will be set out in the appropriate contract documents and schools would be required to sign this in order to continue to access the council contract.

#### **Recommendation:**

**An appropriate contractual arrangement is put in place with schools wishing to access the contract and the council recovers the ongoing cost of administration.**

#### **4. Background**

Wiltshire Council developed an extensive Opportunity Assessment (OA) in late 2012 and early 2013 which proposed the use of a public sector, pre tendered



framework for the purchase, supply and billing of gas and electricity. For the ten years prior to that the council had used rolling annual contracts with the now Crown Commercial Service (CCS) and its previous iterations. The CCS contracts were of a “let and forget” type which offered no contract management, or additional services and were very onerous to the council in terms of the contract management that was placed on council staff and the limited customer service on offer. The proposal in the 2013 OA to continue with the use of a pre tendered framework, albeit one chosen in a “mini competition” exercise, resulted in the award of a contract to West Mercia Energy (WME).

Competitive prices have been secured from this contract as well as excellent contract management on the part of WME. The two year contract started on 1<sup>st</sup> April 2014 and the one year extension to 31<sup>st</sup> March 2017 was recently endorsed by the Corporate Procurement Board. The contract will thus terminate on 31<sup>st</sup> March 2017 and a replacement contract must be in place six months prior to that date at the latest to enable the provider to start buying the council’s energy requirements for the contract start date on 1<sup>st</sup> April 2017.

## **5. Safeguarding Implications**

There are no safeguarding implications.

## **6. Public Health Implications**

There are no public health implications.

## **7. Corporate Procurement Implications**

The decision to use a public sector framework was agreed by the Procurement Board on 8<sup>th</sup> September 2015 and will comply with all procurement regulations.

The recommendations in this document have been developed in consultation with Corporate Procurement.

If the main proposal to contract again with West Mercia Energy for a five year period is agreed, the procurement implication is minimal. There will be no lengthy tender or other sourcing exercise to award a contract. This provider is a Public Sector Buying Organisation (PBO) who procure suppliers through an OJEU compliant tendering exercise. The authority is therefore able to award to the PBO without the need to undertake the procurement activities that would otherwise be required. The energy suppliers are procured using framework contracts but there is not a choice of multiple suppliers for each of the two services (electricity and gas). As such there is no requirement to undertake a competitive process between candidates. WME specialises in energy supply provision and, unlike some other PBOs, it does not engage in other market areas.

For the reasons outlined above and in the OBC the authority is best served through continuing with the current provider. Towards the end of the proposed contract with WME (1<sup>st</sup> April 2017 - 31<sup>st</sup> March 2022) a detailed review will be conducted and a new Opportunities Assessment will be produced. In order to meet the timetable for changing providers in this marketplace it is expected that

the review process will need to begin no later than early 2020, less than three years into the contract. This will leave about 20 months to complete the full review process and the relevant procurement process so as to appoint a replacement with six months remaining before the contract end date. This is the amount of time necessary to prepare for the complex and resource-intensive process of transferring of energy supplies to a new provider.

## 8. Equalities Impact of the Proposal

There are no equalities impacts for this proposal.

## 9. Environmental and Climate Change Considerations

The proposed recommendations are made with consideration to the council's environmental and climate change commitments and in line with the council's energy policy and eco strategy. The proposal will not result in any impact on energy consumption. There are no associated carbon emissions. There is no impact on day to day environmental management and the contract is not planned to last more than 20 years.

## 10. Risk Assessment

**Risks that may arise if the proposed decision and related work is not taken**

| Risk   | Impact | Likelihood | Score          | Mitigating Action   |
|--|--------|------------|----------------|---|
| The council could be charged more for energy than is necessary if contract rates are not secured following the recommendations outlined above. | 1 or 2 | 1          | No more than 2 | Timely approval of the proposal to treat again with WME.  |
| The council could be subject to volatile price changes.  | 1 or 2 | 1          | No more than 2 | There is little the council can do to mitigate against price increases as these are dependent on geopolitical factors.                                      |
| The council may miss an opportunity for securing the lowest possible prices  | 1 or 2 | 1          | No more than 2 | Timely approval of the proposal to treat again with WME will mitigate against this.   |
| The council would incur unnecessary costs (see OBC) to change to a new supplier  | 1      | 2          | 2              | Timely approval of the proposal to treat again with WME will mitigate against this.   |
| Schools may miss out on potential benefit of a pre-procured and good value contract  | 1      | 1          | 1              | Early communication with schools outlining the council's proposals on any contractual arrangement. Clear timescales for schools to respond.                 |
| Business Services will continue to deliver a service without recouping the cost of that service  | 1      | 1          | 1              | Business Services consider the existing cost of providing the service and the fairest way of recouping that cost. Should schools pay based on the number of |

|  |   |   |   |  |
|--|---|---|---|--|
|  |   |   |   | meters or floor plate of the school, for example? Or should there be a flat fee for all schools.   |
| Business Services continues to be in a volatile position with schools if formal agreements for the use of the contract are not in place. Schools are currently unclear over their commitment to the contract and their responsibilities having opted in. | 1 | 1 | 1 | Any new arrangement is made clear to schools through various formats with a clear timescale by which they must respond indicating their intention. |

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

| <b>Risk</b>  | <b>Impact</b> | <b>Likelihood</b> | <b>Score</b>   | <b>Mitigating Action</b>   |
|--|---------------|-------------------|----------------|--|
| Deterioration of the service over the 5 year contract life.  | 2             | 1                 | No more than 2 | Strong and meaningful KPIs and SLA's built into the contract from outset along with frequent comprehensive contract meetings between the provider and the council  |
| Schools may choose to leave the contract if a charge is added. The council would need to sell energy procured for them either at a profit or loss depending on market conditions. However, the Provider may be able to accommodate this within the much larger portfolio to avoid this issue entirely. | 1             | 2                 | No more than 2 | Consultation and explanation process with schools highlighting the benefits of a more formal arrangement. The Provider will take into account the potential for schools to leave when taking purchasing decisions to minimise this risk. |

## **11. Financial Implications**

There are no cashable savings identified within these proposals as the general trend is towards an increase in prices. The potential increase in spend of 10% that would be at risk would raise costs between years by less than is currently seen anyway due to underlying macro-economic changes and other drivers. For example gas prices have increased or reduced by as much as 20% between years in recent times. This is therefore within the tolerance of business as usual in respect of budget certainty and financial impact.

This gives the Council reassurance that cost prices will not rise above a certain level whilst giving the opportunity to take advantage of falling unit costs.

Budgets would not be increased or reduced as a consequence of introducing this risk cap. If successful the overall spend will be less, and if unsuccessful the overall spend could increase. In both cases the effect will be masked by expected 'natural' variations in unit price and weather conditions which will have a greater overall effect on spend.

## **12. Legal Implications**

The proposal to procure through a public sector framework complies with procurement legislation and therefore the legal implications relating to the procurement are minimal.

A new contract will need to be entered into, and whilst there is likely to be limited room for negotiation on the terms of the contract, the fact that it is a public sector framework means that it is already tailored to the public sector, and is likely to be very similar to the current contract.

## **13. Options Considered**

Options considered have included alternative purchasing strategies to a flexible capped contract. Locked and fully flexible were rejected as outlined in section 3.

Shorter contract lengths were considered and rejected as they do not provide the most beneficial environment to maximise cost savings. Longer duration contracts are currently not available.

The outline business case approved by the Corporate Procurement Board on 8<sup>th</sup> September 2015 provided the alternative options to the use of a pre tendered public sector framework and the reasons for rejecting those.

The option to exclude schools from using the contract was considered but rejected due to the negative financial and resource impacts on schools and the negative effect it would have on the Council's relationships with schools which has always been to support.

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## **Background Papers**

The following documents have been relied on in the preparation of this report:  
Gas and Electricity OBC 2015 v5.1

**Appendices**  
None

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