

Joint Extra Care Housing Management Board Agenda

Date:	Monday, 21st December, 2009
Time:	9.30 am
Venue:	Committee Suite 1, Westfields, Middlewich Road, Sandbach CW11 1HZ

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. Appointment of Chairman

To appoint a Chairman of the Joint Extra Care Housing Management Board.

2. Appointment of Vice Chairman

To appoint a Vice Chairman of the Joint Extra Care Housing Management Board.

3. Apologies for Absence

4. Declarations of Interest

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests in any item on the agenda.

5. Public Speaking Time

Members of the public wishing to address the Joint Extra Care Housing Management Board on reports contained within the agenda for the meeting shall be given the opportunity to do so subject to:

For any apologies or requests for further information

Contact: Rachel Graves

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- 1 the opportunity being extended to one person to speak in support of each agenda item and one person to speak against each agenda item when called to do so by the Chairman;
- 2 an indication of the desire to speak on the agenda item being made by the person just prior to the meeting and the name supplied to the Democratic Services Officer in attendance, the first person registering to have precedence in the event of more than one person wishing to speak either for or against the agenda item;
- 3 each person addressing the Joint Extra Care Housing Management Board being limited to three minutes speech;
- 4 an opportunity being provided for an expression of a contrary view, even though no prior notice has been given, when a member of the public has spoken for or against the item;
- 5 in the event of the person having registered to speak on an agenda item not wishing to take up their right to speak on the agenda item because it was deferred, that person will automatically be given the right to speak on the agenda item at the next meeting of the Joint Extra Care Housing Management Board;
- 6 the Chairman of the meeting having discretion to rule that a person wishing to address the meeting shall not be heard if, in his/her opinion, that issue or the organisation or the person wishing to make representation on that issue has received an adequate hearing.

6. **Joint Extra Care Housing Management Board - Terms of Reference and Constitution** (Pages 1 - 12)

To consider the Terms of Reference, Constitution and Powers of the Joint Extra Care Housing Management Board.

7. **Outline Business Case for Extra Care Housing PFI** (Pages 13 - 26)

To consider whether to approve the re-submission of the Outline Business Case for Round 5 Extra Care Housing PFI.

CHESHIRE EAST COUNCIL CHESHIRE WEST AND CHESTER COUNCIL

REPORT TO: JOINT EXTRA CARE HOUSING MANAGEMENT BOARD

Date of Meeting: 21 December 2009
Report of: Borough Solicitor, Cheshire East
Subject/Title: Joint Extra Care Housing Management Board –
Terms of Reference and Constitution

1.0 Report Summary

- 1.1 To note the Terms of Reference and Constitution of the Joint Extra Care Housing Management Board.

2.0 Recommendations

- 2.1 To note the Terms of Reference, Constitution and Powers of the Joint Extra Care Housing Management Board.
- 2.2 To delegate its functions to the Lead Authority.

3.0 Reasons for Recommendations

- 3.1 As this is the first meeting of the Joint Extra Care Housing Management Board Members are asked to note the situation following resolution of the respective Cabinet/Executive of the Councils forming this joint committee.
- 3.2 The delegation to the Lead Authority allows it to take action requested by the Joint Extra Care Housing Management Board on behalf of both Councils.

4.0 Wards Affected

- 4.1 No Wards are affected.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications

6.1 Not applicable.

7.0 Financial Implications for Transition Costs

7.1 Not applicable.

8.0 Financial Implications 2009/10 and beyond

8.1 There are no direct financial implications of setting up this Board. However, the extensive and demanding nature of the PFI procurement route will require the Council to, on occasions, act quickly in order to maximise its financial outcome within the overall project. The Board through its delegated powers will, for example, be able to ensure that key deadlines are adhered to and in turn, that best possible commercial rates (for example in respect of bank loans) are obtained by the project.

9.0 Legal Implications (Authorised by the Borough Solicitor)

9.1 The constitutions of Cheshire East Council and Cheshire West and Chester Council provides that the Cabinet/Executive may set up sub-committees. The Local Government Act 1972 allows local authorities to set up joint committees and further authority for such joint arrangements was introduced by virtue of regulations made under the Local Government Act 2000. The Joint Extra Care Housing Management Board is a joint committee.

9.2 In setting up the Joint Extra Care Housing Management Board there must be clarity about what it is able to do; hence Terms of Reference have been agreed: as well as clear rules as to how it should operate; hence a Constitution has also been agreed.

9.3 The Councils have delegated certain decision making to the Joint Extra Care Housing Management Board but reserved other matters e.g. approval of affordability. Tables setting out the responsibilities of the Joint Extra Care Housing Management Board appear in Appendix 2. In turn the Joint Extra Care Housing Management Board delegates its functions to the Lead Authority.

10.0 Risk Management

10.1 The Joint Extra Care Housing Management Board should ensure that existing provision is managed effectively at a strategic level and also allow new provision to be procured efficiently. Without the Joint Extra Care Housing Management Board there is a risk that decisions could be delayed due to the timing of the respective Cabinet/Executive.

11.0 Background and Options

- 11.1 The Cabinet of Cheshire East Council on 1 December 2009 and the Executive of Cheshire West and Chester Council on 9 December 2009 approved the establishment of the Joint Extra Care Housing Management Board with the following Terms of Reference:

The Joint Extra Care Housing Management Board shall be responsible for

Providing strategic guidance
Making strategic decisions
Reviewing performance

in relation to Extra Care Housing provision (except where matters are reserved to the respective authorities).

- 11.2 In order to further define the role and Powers of Joint Extra Care Housing Management Board and the respective Councils (acting through their respective Cabinet/Executive) two tables have been produced which appear in Appendix 2 to this report. The first relates to Round 3 (i.e. it is mainly about contract management of the existing provision) and the second relates to Round 5 (i.e. it is mainly about procurement of the new provision).
- 11.3 Joint Extra Care Housing Management Board will function as a joint committee and be subject to all of the usual rules relating to public meetings. Its Constitution appears in Appendix 1 to this report.
- 11.4 The Constitution of the Joint Extra Care Housing Management Board states that each Council shall appoint three Members and that nominated substitutes shall be allowed to attend any meeting in the place of an appointed member, subject to prior notification being given to the Lawyer and Secretary to the Joint Extra Care Housing Management Board. This nomination should be made to Democratic Services at Cheshire East Council.
- 11.5 Cheshire East Council has appointed Councillors has appointed Councillors Roland Domleo (Portfolio Holder Adult Services), Frank Keegan (Portfolio Holder Resources) and Peter Mason (Portfolio Holder Procurement Assets and Shared Services). Substitutes are to be drawn from the Cabinet as appropriate.
- 11.6 Cheshire West and Chester Council has appointed Councillors Brenda Dowding (Portfolio Holder Adult and Health Services), Herbert Manley (Portfolio Holder Prosperity) and Les Ford (Portfolio Holder Finance). Substitutes are to be drawn from the Executive as appropriate.

- 11.7 As Cheshire East Council is the Lead Authority for extra care housing, it will have chairmanship of the Joint Extra Care Housing Management Board.
- 11.8 The meetings of the Joint Extra Care Housing Management Board will be held at the offices of the Lead Authority. Meetings will be bi-monthly unless otherwise determined by the Joint Extra Care Housing Management Board.
- 11.9 The Terms of Reference and the Constitution of the Joint Extra Care Housing Management Board can only be altered by the respective Councils (not the Board) and they will need to reach agreement on any changes.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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APPENDIX 1

CONSTITUTION OF THE JOINT EXTRA CARE HOUSING MANAGEMENT BOARD

1. Each of the Authorities shall appoint three Members (being elected members of the respective Cabinet/Executive of the Authorities) as its nominated Members of the JECHMB. The Members appointed shall have full voting rights.
2. Each Authority may nominate one or more substitute Members from the respective Cabinet/Executive of the Authorities to attend any meeting in place of an appointed Member from that Authority, subject to notification being given to the Lawyer and Secretary to the JECHMB before the start of the meeting. The Member appointed as a substitute shall have full voting rights where the Member for whom they are substituting does not attend. If an Authority's nominated Members attend a meeting of the JECHMB, any named substitute may also attend as an observer but shall not be entitled to vote.
3. Each Member of the JECHMB shall comply with the Code of Conduct of their Authority when acting as a Member of the JECHMB.
4. Each of the Authorities may remove any of its nominated Members or substitute Members of the JECHMB and appoint a different Member or substitute to the JECHMB from the respective Cabinet/Executive of the Authorities by giving written notice to the Lawyer and Secretary to the JECHMB.
5. Each Authority shall have three votes. These shall be exercised by the nominated Members who are elected members of the Authority. In the absence of a Authority's nominated Member, a vote may be exercised by the named substitute who is an elected member of the Authority.
6. Each Member of the JECHMB shall serve upon the JECHMB for as long as he or she is appointed to the JECHMB by the relevant Authority but a Member shall cease to be a member of the JECHMB if he or she ceases to be a Member of the Authority's Cabinet/Executive that appointed him or her or if the relevant Authority removes him or her as a Member of the JECHMB.
7. Any casual vacancies howsoever arising shall be filled by the Authority from which the vacancy arises by notice in writing sent to the Lawyer and Secretary to the JECHMB.
8. Meetings of the JECHMB shall be held at the offices of the Lead Authority.

9. The JECHMB shall appoint one of its nominated Members as Chairman and another one of its nominated Members as Vice Chairman to hold office until such time as any Member of the JECHMB requests another nomination to one or more of these offices.
11. The JECHMB shall meet once every two months (bi-monthly) unless otherwise determined by the JECHMB.
12. The Lawyer and Secretary to the JECHMB may call additional meetings by providing at least five clear days' notice to Members of the JECHMB, for the purposes of resolving matters arising between the bi-monthly meetings of the JECHMB. The Lawyer and Secretary to the JECHMB must call a meeting of the JECHMB if at least two Members of the JECHMB request it or the Head of Paid Service of either Authority requests it.
13. Meetings shall be notified to Members of the JECHMB by the Lawyer and Secretary to the JECHMB.
14. The Lawyer and Secretary to the JECHMB shall send electronically to all Members and relevant officers of each Authority the agenda for each meeting of the JECHMB no later than five clear working days before the date of the relevant meeting. The Lawyer and Secretary to the JECHMB shall send to all Members of the JECHMB, to the Political Group Leaders of each Authority and relevant officers of each Authority printed copies of the agenda for each meeting of the JECHMB no later than five clear working days before the date of the relevant meeting.
15. The Lawyer and Secretary to the JECHMB shall arrange for written minutes to be taken of each meeting of the JECHMB and shall present them to the JECHMB at its next meeting for approval as a correct record. If the JECHMB confirms that the minutes contain an accurate record of the previous meeting, those minutes shall be signed by the Chairman or Vice-Chairman.
16. A meeting of the JECHMB shall require a quorum of two Members of each Authority who are entitled to attend and vote. If there is a quorum of members present but neither the Chairman nor the Vice-Chairman is present, the Members present shall designate one Member to preside as Chairman for that meeting.
17. Subject to the provisions of any enactment, all questions coming or arising before the JECHMB shall be decided by a majority of the Members of the JECHMB immediately present and voting thereon. However, matters before the JECHMB shall wherever possible be decided by consensus. In the case of an equality of votes when a matter is being considered for the first time the matter will be deferred to the next meeting of the JECHMB. If there remains an equality of votes the second time the matter is considered then the Chairman of the meeting shall exercise his or her casting vote.

18. Any Member of the JECHMB may request the JECHMB to record the votes of individual Members of the JECHMB on a matter for decision.
19. A Member when speaking shall address the Chairman. If two or more Members wish to speak, the Chairman shall call on one to speak. While a Member is speaking other Members shall remain silent.
20. A Member shall direct his/her speech to the matter under discussion or to a personal explanation or to a point of order.
21. Only one amendment to a proposal may be moved and discussed at a time and no further amendment shall be moved until the amendment under discussion has been disposed of, providing that the Chairman may permit two or more amendments to be discussed (but not voted on) together if circumstances suggest that this course would facilitate the proper conduct of the JECHMB's business.
22. If an amendment is lost, other amendments may be moved on the original motion. If an amendment is carried, the motion as amended shall take the place of the original motion and shall become the motion upon which any further amendment may be moved.
23. The order of business shall be indicated in the agenda for the meeting.
24. When a motion is under debate by the JECHMB no other motion shall be moved except the following:
 - 24.1 to amend the motion;
 - 24.2 to adjourn the meeting;
 - 24.3 to adjourn the debate;
 - 24.4 to proceed to the next business;
 - 24.5 that the question be now put;
 - 24.6 that a Member be not further heard;
 - 24.7 by the Chairman that a Member do leave the meeting;
 - 24.8 a motion under Section 100(A)(4) of the Local Government Act 1972 to exclude the public;
 - 24.9 to postpone consideration of the item.
25. A Member may move without comment at the conclusion of a speech of another Member, "That the Board proceed to the next business", "That the question be now put", "That the debate be now adjourned", or "That the Committee do now adjourn", on the seconding of which the Chairman shall proceed as follows:
 - 25.1 on a motion to proceed to next business; unless in his opinion the matter before the meeting has been insufficiently discussed put to the vote the motion to proceed to the next business

25.2 on a motion that the question be now put; unless in his opinion the matter before the meeting has been insufficiently discussed he shall first put to the vote the motion that the question be now put

25.3 on a motion to adjourn the debate or the meeting; if in his opinion the matter before the meeting has not been sufficiently discussed and cannot reasonably be efficiently discussed on that occasion put the adjournment motion to the vote.

The ruling of the Chairman shall not be open for discussion.

26. Any member of the Authorities who is not a Member of the JECHMB is entitled to attend the JECHMB but he/she shall not be entitled to vote, shall not take part in the consideration or discussion of any business, save by leave of the Chairman and comments will be recorded only on the direction of the Chairman.

27. The following elected representatives are entitled to attend the JECHMB but they shall not be entitled to vote, shall not take part in the consideration or discussion of any business, save by leave of the Chairman and comments will be recorded only on the direction of the Chairman:

27.1 Members of parish councils within the areas of the Authorities;

27.2 Members of Parliament for the residents of the areas of the Authorities;

27.3 Members of the European Parliament for the residents of the areas of the Authorities.

28. Meetings of the JECHMB will be open to the public except to the extent that they are excluded under paragraph 30.

29. Members of the public wishing to address the JECHMB (or a subcommittee of the JECHMB) on reports contained within the agenda for the meeting shall be given the opportunity to do so subject to:

29.1 the opportunity being extended to one person to speak in support of each agenda item and one person to speak against each agenda item when called to do so by the Chairman;

29.2 an indication of the desire to speak on the agenda item being made by the person just prior to the meeting and the name supplied to the Democratic Services Officer in attendance, the first person registering to have precedence in the event of more than one person wishing to speak either for or against the agenda item;

29.3 each person addressing the JECHMB being limited to three minutes speech;

29.4 an opportunity being provided for an expression of a contrary view, even though no prior notice has been given, when a member of the public has spoken for or against the item;

29.5 in the event of the person having registered to speak on an agenda item not wishing to take up their right to speak on the agenda

item because it was deferred, that person will automatically be given the right to speak on the agenda item at the next meeting of the JECHMB;

29.6 the Chairman of the meeting having discretion to rule that a person wishing to address the meeting shall not be heard if, in his/her opinion, that issue or the organisation or the person wishing to make representation on that issue has received an adequate hearing.

30. The public may be excluded from a meeting of the JECHMB during an item of business whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that, if members of the public were present during that item, confidential information as defined in section 100A(3) of the Local Government Act 1972 or exempt information as defined in section 1001 of the Local Government Act 1972 would be disclosed to them.
31. Each Authority may call in any decision of the JECHMB in accordance with the overview and scrutiny provisions of that Authority's constitution. If any decision of the JECHMB is subject to call in by an Authority, the JECHMB shall take no action to implement that decision unless the call in process upholds the decision.
32. The JECHMB may delegate a function to an officer or sub committee.
33. Any contractual procedures will be undertaken by one of the Authority's and that Authority will apply its own financial regulations and contract procedure rules to those arrangements.
34. The Lawyer and Secretary to the JECHMB shall provide governance and secretarial support services and legal advice and support to the JECHMB on such terms as may be agreed from time to time between the Authorities.

APPENDIX 2

JOINT EXTRA CARE HOUSING MANAGEMENT BOARD Round 3 – Management of Current Provision	
RESERVED TO RESPECTIVE CABINET/ EXECUTIVE	JOINT EXTRA CARE HOUSING MANAGEMENT BOARD
Fundamental changes to any contractual relationships	Reaction to external policy changes and proposals
Termination of any contractual relationships	Internal policy setting and changes to policy
Setting financial parameters that the Joint Extra Care Housing Management Board must operate to	Strategy to maintain performance
Award of Replacement/New Contracts	High level performance monitoring (service standards and financial position)
Changes to Terms of Reference	Approval and review of inter authority arrangements
Changes to Constitution	Provision of strategic direction
Agreement to swap Lead and Non-Lead Authority Roles	Approval of procurement arrangements
Appointment of Joint Extra Care Housing Management Board members	Last stage in handling complaints
	Appointment of external advisers (subject to Finance and Contract Procedure Rules of Lead Authority and provided appropriate budget identified by respective Councils)
It is possible for the Joint Extra Care Housing Management Board to refer a matter to the respective Cabinet/Executive for decision.	

JOINT EXTRA CARE HOUSING MANAGEMENT BOARD Round 5 – Procurement of New Provision	
RESERVED TO RESPECTIVE CABINET/EXECUTIVE	JOINT EXTRA CARE HOUSING MANAGEMENT BOARD
Decision to acquire a site (or secure an option on a site) including granting leases as appropriate.	Approval and review of inter authority arrangements
Approval of the project affordability at all stages	Provide overview of and all necessary procurement approvals other than those specifically reserved to the Authorities
Approval of Bidders to proceed to final stage	Approval of Outline Business Case and authorisation to submit
Approval of Preferred Bidder	Approval of list of Bidders to be invited to participate in the competitive dialogue procurement process
Award of and approval of execution of PFI contract	Recommendations to respective Cabinet/Executive in relation to procurement approvals as necessary
Certification of PFI Contract and costs indemnities	Appointment of external advisers (subject to Finance and Contract Procedure Rules of Lead Authority and provided appropriate budget identified by respective Councils)
Award of and approval of execution of Care and where appropriate Catering Contracts	
Changes to Terms of Reference	
Changes to Constitution	
Appointment of Joint Extra Care Housing Management Board Members	
It is possible for the Joint Extra Care Housing Management Board to refer a matter to the respective Cabinet/Executive for decision.	

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**CHESHIRE EAST COUNCIL
CHESHIRE WEST AND CHESTER COUNCIL**

**REPORT TO: JOINT EXTRA CARE HOUSING
MANAGEMENT BOARD**

Date of Meeting: 21 December 2009
Report of: Head of Services for Adults, Cheshire East Council
Subject/Title: Outline Business Case for Extra Care Housing PFI

1 Report Summary

This report provides context about Extra Care Housing, outlines the process for pursuing PFI Funding and seeks approval to proceed with the re-submission of the Outline Business Case (subject to approval from the respective Council's Cabinet/Executive as regards affordability).

2 Decision Requested

To approve the resubmission of the Outline Business Case for Extra Care Housing Round 5 (subject to approval from the respective Council's Cabinet/Executive as regards affordability).

3 Reasons for Recommendations

To allow the Councils' interest in Extra Care Housing Round 5 to proceed to the next stage.

4 Wards affected

Sandbach East and Rode
Poynton
Blacon
Sutton and Manor

5 Local Ward members

Sutton and Manor Cllr Kimberley Anderson Cllr Bob Crompton Cllr Paul Donovan	Blacon Cllr Reggie West Cllr Marie Nelson Cllr Alex Jones
Sandbach East and Rode Cllr Elsie Alcock Cllr Rhoda Bailey Cllr Andrew Barratt	Poynton Cllr Roger West Cllr Chris Beard Cllr Howard Murray

6 Policy Implementation

Climate Change Health

To assist in addressing the significant demographic shift towards the over 65 population in both Councils' areas.

7 Financial implications

There is a separate section in the report dealing with the financial elements of the Outline Business Case. The Councils have reserved the question of affordability and will receive separate reports at their respective Cabinet/Executive.

8 Legal implications

The submission of the Outline Business Case does not commit either Council to proceed with the Extra Care Housing PFI. Whilst the decision about the Outline Business Case does fall within the remit of the Board, the question of affordability has been reserved by the Councils and will be the subject of consideration by the respective Cabinet/Executive before the Outline Business Case can be submitted. Arrangements are being made to secure decisions on affordability.

9 Risk Management

Whilst the submission of the Outline Business Case may not involve a legally binding commitment, clearly it is a significant step. There may be reputational risk in withdrawing at a later stage and therefore the submission of the Outline Business Case is a serious consideration.

10 Background and Options

10.1 Introduction

The Round 5 Extra Care Housing programme builds on the success of the now operational Round 3 Extra Care Housing project in Cheshire. The Round 5 work was commenced by the former Cheshire County Council, and has now been embraced by the successor Councils to take it forward. The submission has the full support of both Councils, whose commitment reflects their support for the wider extra care housing strategy rooted in a 2004 agreement that a "whole system" approach was required to address the specific issues of growth in the older person's population in Cheshire.

In 2004 the Housing, Health and Social Care communities in Cheshire agreed to work together to develop 2,000 extra care apartments by 2011. A "mixed funding" strategy was agreed utilising resources from private developers, registered social landlords, Department of Health Capital Grant and the Private Finance Initiative (PFI).

Progress has been made on all these fronts, and more detailed capacity planning work, led by Peter Fletcher Associates following a commission from Cheshire County Council, produced a new target of 2,400 apartments by 2011, and 4,000 apartments overall by 2014. This Round 5 bid seeks to add further momentum to reach these new and challenging targets.

Specifically this proposal for Extra Care Housing will:

- Deliver affordable homes which meet the aspirations of older people, both in terms of design and tenure opportunities;
- Enable extra care to be a choice option across all the natural communities of both Councils;
- Provide a viable alternative to long term residential care for older people;
- Ensure there is an environment where preventative health care and active ageing can promote independence and well being;
- Provide a focal point for the local community to benefit from the wide range of communal facilities; and
- Enhance the regeneration of local communities and ensure sustainable communities.

The commissioners of Housing, Health and Social Care in the geographical areas of both Councils view the Round 5 proposal as contributing to achieving “healthier communities” outcomes shared by LSP partners. It also compliments the radical and sustained shift in the way services should be delivered, as outlined in the recent White Paper “Our health, Our care, Our say; a new direction for community service”, ‘Putting People First’ (2007) and ‘Transforming Adult Social Care’ (2008 and 2009). This includes an emphasis on community based support, prevention and health promotion maximising independence and delivering real choice and control for people with long term conditions. Most of all, the provision of extra care is seen as enabling older people to stay in control of their lives, living “behind their own front door” in their local community. The outcomes of this programme are to ensure that older people have access to a choice and range of accommodation which allows them to maintain their independence for as long as possible. The Round 5 proposal seeks to ensure this goal becomes a reality.

Timetable for Project Development and Approval

The work to develop the Round 5 proposal has been ongoing for more than 3 years. An indicative timetable of further stages appears below:-

- OBC submission End of December 2009
- Project Review Group (HCA) March 2010 (OBC approval)
- Report back to Councils on outcome (inc affordability) April 2010
- OJEU notice April 2010

- Open Competitive Dialogue with selected Bidders May 2010
- Invitation to submit outline solutions June 2010 – September 2010
- Invitation to submit detailed solutions September 2010 – June 2011
- Final Tenders July 2011
- Select Preferred Bidder August 2011
- Final Business case/approvals/fine tuning and Commercial Close March 2012
- Start On Site April 2012
- Financial Close June 2012

It should be noted that between OBC submission and a meeting of the Project Review Group there is likely to be an indication of the level of the PFI credits that will be available. The Councils will need to arrange meetings of their respective Cabinet/Executive to carry out a formal review. The Councils have reserved the question of affordability (rather than it being a decision for the Board) and this will be a key point.

10.2 The Outline Business Case

The Outline Business Case was submitted in April 2009 and has been further refined since then to bring it in line with comments received from the Housing and Communities Agency.

The Outline Business Case is a very lengthy document (at least 300 pages) and it is impractical to bring the whole document to the Board.

The Outline Business Case presents the aspirations of both Councils to deliver a high quality affordable and desirable housing and care solution for older and frail residents in their areas.

It reflects the need to reconfigure housing and social care services in the 21st century to enable and maintain independence for longer, to promote active ageing, prevent hospital admission, facilitate early discharge and provide an alternative to long term care.

The Structure and Content of the Outline Business Case appears as Appendix 1

The Executive Summary from the Outline Business Case appears as Appendix 2

10.3 The Cost of Round 5

This will be considered in more detail by the Councils' respective Cabinet/Executive. However, the following summarises the position.

The Revised level of PFI Credits

1. *The original submission anticipated a joint annual contribution from the Councils of £135,000 (net of Supporting People income of £150,000).*

In approving the submission, Members set a cap of £150,000 as the maximum annual contribution they wished to commit to the scheme.

- 2. The scheme has now been reworked financially, taking into account the revised site being used and also, latest financial information e.g. inflation levels, financing rates etc and results in a required joint PFI contribution of £150,000 (i.e. at the cap set).*
- 3. It seems likely that HCA will require the Councils to pick up the impact of any local changes and equally that HCA should finance the changes that have been outside of the Councils' control. On this basis the revised numbers indicate that the level of credits now required to deliver the project is £66.1m, some £6.2m higher. The changes in the level of credits being sought can be summarised as follows*
 - the cost of the 6 month delay with resulting increase in the capital cost of the project means a credit increase of £2.95m*
 - Revised lifecycle costs to reflect market current market conditions resulting in an increase in total of £155k over the whole life of the project resulting in a minor credit increase of £0.1m*
 - Changes in the national / global funding markets mean that is now expected that funders will apply a margin of 2.5% (as opposed to 2.0%) on the senior debt funding within the project resulting in an increase in credits required of £3.15m*

The Councils' revised affordability position

- 4. The initial report to Council on the OBC also referred to the risk around achievement of Supporting People income*
- 5. HCA has always made clear that the Councils carry the risk should the tenants not be eligible for Supporting People income (and this was referenced in the Cabinet and Executive reports approving the initial submission). Both Councils have reviewed whether this income stream should be included in the OBC and, given the uncertainties surrounding Supporting People grant and commissioning priorities, Officers recommend that the OBC should be revised to exclude Supporting People as an ongoing income stream. This increases the Councils' annual contribution to £300,000, a contribution of £168,000 for East and £132,000 for West. Work will continue to determine whether tenants will be eligible for Supporting People income but this can not be counted on for the submission. In Cheshire East an in principle agreement to inclusion of Supporting People income has been given by the Commissioning Body, but there has not yet been any such agreement in Cheshire West and Chester.*
- 6. Further work is also in hand to review the lessons learnt from Round 3 to inform the forecast running costs for the schemes once built (these*

costs are completely outside of the PFI bid). In particular further analysis is needed on

- *The allocation of units reflecting higher level care needs*
- *The contractual arrangements with the care provider*
- *The arrangement for the restaurant provision*
- *Ongoing PFI management costs*

11 Access to Information

The background paper relating to this report can be inspected by contacting the report writer:

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Strategic Commissioning Manager, Services for Adults
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Appendix 1

Structure and Content of the Outline Business Case

KEY MESSAGES

- Support and justification of the case for investment.
- Clear methodology to determine the most appropriate method for delivering the project and ensure that the preferred option best meets the Authority's objectives and requirements.
- Definition of the key parameters and milestones for the project, including affordability.
- Establishing a process to ensure Members are fully informed and enabled to make project – related decisions to ensure that the project can proceed to timetable.

No	OBC Section	Section Requirements
	Executive Summary	<p>This section provides a summary of the key conclusions and recommendations derived from the main report. Critically this includes:</p> <ul style="list-style-type: none"> • A statement of the support and commitment of the Authority (and other key stakeholders); • An assessment of the economic benefits, and the contributions the Councils will each make to secure these; • An overview of the approach to developing and delivering the project; and • The quantum of PFI credit being sought.
1	Introduction	<p>This section provides a brief overview of the basis for this Outline Business Case, and the approach undertaken by the Authority in preparing it.</p>
2	Business Need	<p>This section details the following:</p> <ul style="list-style-type: none"> • “Strategic Fit analysis” Summary of Housing option appraisal with the conclusion supported by key facts and figures • Comment on current provision

No	OBC Section	Section Requirements
		<ul style="list-style-type: none"> Evidence of current and continuing demand
3	Project Scope	This section sets out confirmation of the scope of the contract in terms of dwelling/land and services included within the project
4	Option Appraisal	<p>This section sets out the following:</p> <ul style="list-style-type: none"> Identification of possible means of delivering the project objectives, and an assessment of shortlisted options against transparent criteria to complete a qualitative appraisal; Indicative costings of shortlist, which combined with the qualitative appraisal, combine to determine the preferred option
5	Financial Data & Assessment and affordability	<p>This section reports the results obtained from the financial modelling undertaken and will aim to provide the following:</p> <ul style="list-style-type: none"> Confirmation of likely project costs and assumptions Inputs and conclusions of cost comparator model VFM analysis via the development of a Public Sector Comparator Detailed assessment of affordability terms Confirmation of Authority commitment to ensure project affordability Sensitivity analysis on affordability outcomes Any additional resource contribution confirmed
6	Output Specification	This section provides a draft Output Specification, which is sufficiently detailed, developed and consulted upon to form a basis for the all of the financial data underpinning this Outline Business Case.
7	Sites & Planning	<p>This section sets out the strong deliverability of the schemes in the following information:</p> <ul style="list-style-type: none"> Confirmation of all the 4 sites showing

No	OBC Section	Section Requirements
		<p>dwelling numbers and mix of tenure across the sites.</p> <ul style="list-style-type: none"> Detail of the planning strategy that is currently adopted and planning status of each of the proposed sites.
8	Market Testing	This section details the Market testing events, Questionnaires and summarizes the conclusions from the positive responses received from the private sector.
9	Key Terms and Conditions and Payment Mechanism	This section sets out a high level payment mechanism. It also provides a summary of the project agreement terms that will be sought and confirmation that deviation from this standard position will need to demonstrate Value for Money.
10	Risk	This section details the projects risk in matrix form. It also provides an initial opinion on the accounting treatment for the project.
11	Managing the procurement process	<p>This section sets out the following detail to show how the Authority will manage the procurement process:</p> <ul style="list-style-type: none"> Project plan/timetable Key milestones and approval process Confirmation of internal resourcing and management arrangements, together with the use of external advisors Stakeholder involvement
12	Post Procurement Contract	<p>This section details the following information which will evidence how the Authority will manage the schemes in the construction and operational phase:</p> <ul style="list-style-type: none"> Arrangements for monitoring the payment and performance regime of the operational contract Project management structure Key personnel to manage the Contract
13	Commitment of Project Sponsors and Stakeholders	This section confirms the continuing commitment of each Authority and stakeholders and includes the following:

No	OBC Section	Section Requirements
		<ul style="list-style-type: none"> • Signed letters confirming project support • Stakeholder support
14	Statutory processes	This section sets out the statutory processes that the Authority must adhere to and the approach that has been taken to handling planning approvals. Further information is supplied regarding planning status and Consultation dates.
15	Diversity	This section confirms the Authorities' commitment to ensuring they meet the diverse needs of their residents in all areas.

APPENDIX 2

EXECUTIVE SUMMARY

The Extra Care Housing PFI forms a crucial element of the plans of both Cheshire West & Chester Borough Council (hereafter “Cheshire West”) and Cheshire East Borough Council (hereafter “Cheshire East”) (collectively called the Authority) for the modernisation of provision to respond to significant demographic pressures in the older people’s population.

Over many months, first the former Cheshire County Council and latterly the two Authorities working jointly have developed this Outline Business Case, consulting with local partners, the wider PFI market and the Department of Communities and Local Government and Homes and Communities Agency to ensure that it is robust, attractive to the PFI market place and its aims and objectives are deliverable.

The proposals within this Outline Business Case have now been fully refined, and are summarised as follows:

- The new Extra Care units are to be developed over 4 Authority owned sites under a Non – HRA 30 year PFI contract;
- A Design, Build, Finance and Operate contract to build 337 new extra care units of which a minimum of 200 will be for social rent. The additional units will be developed for a mixture of shared ownership or outright sale. This will extend the provision of cross tenure choice and ultimately develop sustainable communities which satisfy proven demand;
- Address real and demonstrable demand for extra care services within the Authorities’ geographical areas creating a sustainable hierarchy of social care not currently in place;
- Effect local regeneration in each of the four identified locations; and
- Provide facilities at each location that encourage community participation by members of the wider community beyond those housed within the scheme.

This Outline Business Case is based on current market conditions. In view of the current difficulties in the housing market, the proposed 137 shared ownership and outright sale units sit entirely outside of the PFI contract finances and structures. The financial assumptions contained within this Outline Business Case are based on a zero cross-subsidy.

Key strengths of the Outline Business Case are:

- Robust financial calculations, resulting in a PFI Credit requirement of £66.1m
- A strong business case and a commitment from the Authority to properly manage and resource the procurement process and make a combined contribution of up to £150,000 per annum;
- 4 deliverable sites – All of which are already in the ownership of the Authorities with anticipated Outline Planning Consent on all four sites by the end of January 2010;
- Provision of 1 bed plus and 2 bedroom homes to meet a wide range of resident aspirations and provide the high level of “future proofing” that market consultation has demonstrated that the private sector is seeking to provide; and
- Extra care homes designed to the highest standards with the inclusion of sale/shared ownership to provide mixed tenure communities to improve sustainability.

Project Outcomes

- Communities surrounding the selected sites will experience a transformational change in local neighbourhoods as people will have the choice to live in high standard, affordable and adaptable homes which can adapt to take account of individuals’ needs creating a “Home for Life”;
- The residents of the extra care developments and the wider community will have access to a range of activities which will enable them to lead healthier more active lifestyles. This will lead to the development of sustainable, healthy communities;
- Through supportive environments that promote active lives through health and well being, older people will be able to maintain, and regain, their independence; and
- Evidence of strong bidder interest for this scheme through market consultation exercises and the recent and highly successful Project Open Day

Authority Contribution and Track Record

- Cheshire County Council’s track record for delivery of PFI on both the Round 3 Extra Care Contract and other major PFI Contracts including Waste and Schools PFI Projects. These resources remain in place through the new Authorities;

- 100% donation of Authority owned land, valued (approx 4m) to be confirmed.
- Sites are cleared.
- Strong and committed annual contribution upheld from Expression of Interest of £150,000 per annum split between the Authorities;
- Strong project management arrangements, including technical, legal and financial resources drawn from individuals involved in the previous Extra Care Housing PFI undertaken by the Authorities' predecessor, Cheshire County Council, together with other resources with experience in PFI and other major procurements including planning , architectural and housing services ;
- Day to day project delivery would be via an Authority officer team comprising officers from both Authorities to ensure best use of existing resource and experience, together with the appointment of a dedicated project manager to oversee project delivery and to serve as a focus for project issues;
- Joint commitment from the Councils to deliver and finance the extra care support and domiciliary services separately from the PFI Contract;
- Evidence of very strong Bidder interest in this scheme due to the successful Round 3 Schemes and the recent Round 5 project launch and market consultation exercise; and
- Strong Member support from each Council including in governance terms the establishment of a Joint Extra Care Housing Member Board with decision-making powers to ensure timely procurement responses and a robust decision – making process.

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