

Minutes of a meeting of the **Joint Extra Care Housing Management Board** held on Monday, 12th December, 2016 at Room G2, Wyvern House, Winsford

**PRESENT**

**Cheshire East Council**

Councillor A Arnold,  
Councillor J Clowes

**Cheshire West and Chester Council**

Councillor D Armstrong  
Councillor P Dolan

**Officers**

Cheshire East Council

Lynn Glendenning, Commissioning Manager  
Sophie Middleton, Contract Manager - Extra Care Housing  
Paul Goodwin, Finance Partnering & Accountancy Manager  
Chris Hume, Solicitor Commercial Projects and Property Team  
Julie Gregory, Lawyer  
Rachel Graves, Democratic Services Officer

Cheshire West and Chester Council

Michael Cordiner, Corporate Lawyer (Contracts and Procurement)  
Alison Johnston, Commissioning Officer

**1 APPOINTMENT OF CHAIRMAN**

**RESOLVED:**

That Councillor J Clowes be appointed as Chairman.

**2 APPOINTMENT OF VICE CHAIRMAN**

**RESOLVED:**

That Councillor D Armstrong be appointed as Vice Chairman.

**3 APOLOGIES FOR ABSENCE**

Apologies were received from Councillor A Claydon and P Groves.

**4 DECLARATIONS OF INTEREST**

No declarations of interest were made.

**5 PUBLIC SPEAKING**

No members for the public were present.

**6 AVANTAGE INSURANCE SHARING PROPOSALS**

Consideration was given to a report on the Insurance Sharing Proposals.

As part of the Public Finance Initiative Contract, Advantage, the PFI Contractor, must take out specific insurances on behalf of itself, the Authority (Cheshire East Council and Cheshire West and Chester Council) and other parties where appropriate. A cost was assigned to these insurances – the Base Cost. If the actual cost of these insurances was significantly greater or significantly less than the Base Cost, the Authority and Advantage would share the costs or savings.

When the first savings became payable, it was realised that there was a contradiction in the definition of Base Cost within the Contract. The Base Cost was defined as £120,000 in the definitions of the Project Agreement but a different figure - £83,360, was used in the Base Case (Schedule 27).

Advantage proposed using a figure of £49,738 for the year to January 2010 (part year) and £83,360 for each year from then on, indexed, as they felt that £120,000 was too high.

Clause 1.5 Precedence of Documentation of the Project Agreement states that in the event of inconsistency between the Project Agreement and the schedules, the “body of this agreement” took precedence over all schedules and appendices.

A paper was taken to the Joint Extra Care Housing Management Board in September 2012 recommending that Advantage’s proposal be rejected, the figure of £120,000 per annum indexed be used and the Authorities’ share of the Exceptional Savings claimed immediately.

The Joint Extra Care Housing Management Board approved the recommendation. Advantage then rejected this position.

Since then there had been many meetings between the Councils and Advantage to solve the issue. In March 2016 Advantage proposed that a midpoint value between the Council’s position and Advantage’s position be used - £101,680. Advantage argued that with the change of ownership of the junior debt, and the inclusion of the Advantage schemes in the new owner’s portfolio, insurance premiums had fallen by more than 50% in two year from £67,257 in 2013 to £29,437 in 2016. The effect of this had been to increase the savings and therefore the Authority’s share of those savings by a considerable amount.

If the proposal to use £101,680 was accepted, approximately £186,289 would become payable to the Authorities. Failure to accept the proposal could lead to the formal dispute process being invoked to resolve the issue which was likely to lead to considerable costs for both Authorities and no guarantee of a successful outcome for the Authorities.

**RESOLVED:** That

- 1 authority be delegated to officers to accept the offer from Advantage;
- 2 a value of £101,680, which is the midpoint between the Council's position and Advantage's position, be used;
- 3 the agreed figure be inserted in the Contract;
- 4 the agreement is backdated to the beginning of the Contract;
- 5 the figure is utilised to calculate the monies owed to the Councils;  
and
- 6 immediate payment of the monies owed to the Councils is requested.

The meeting commenced at 3.05 pm and concluded at 3.15 pm

Councillor J Clowes