

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Joint Extra Care Housing Management Board**
held on Wednesday, 28th September, 2011 at Room 5 - Wyvern House, The
Drumber, Winsford, CW7 1AH

PRESENT

Councillor Roland Domleo (Chairman)
Councillor Brenda Dowding (Vice-Chairman)

Councillors Les Ford, Peter Mason and Michael Jones

Officers

Lynn Glendening, Commissioning Manager, Cheshire East Council
Sophie Middleton, Contract Manager – Extra Care Housing, Cheshire East Council
Jayne McLaughlin, Legal Services Cheshire East Council
Patrick Rhoden, Principal Accountant, Finance, Cheshire East Council
Charlotte Walton, Strategic Commissioning Manager, Cheshire West & Chester Council

1 APOLOGIES FOR ABSENCE

No apologies were received.

2 DECLARATIONS OF INTEREST

No declarations of interest were made.

3 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present.

4 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 7 December 2010 be approved as a correct record.

5 Q1, 2011/12 OPERATIONS REPORT

Consideration was given to a report which summarised the current position in the Round 3 Extra Care Housing Schemes in the Cheshire East and Cheshire West & Chester Council areas.

The report gave details on tenure, occupancy rates, unitary charge and key performance indicators. At present there were 16 apartments

available to buy and none available for rental. There was a waiting list of 24 people for apartments - 13 for rented, 7 for outright sale and 4 for shared ownership. There had been 29 voids in 2011 due to death, moving into residential or nursing care or by resident's choice.

It was intended that all schemes would achieve a balance of one third low; one third medium and one third high care band residents but at present the balance was 60% low care, 23% medium care and 17% high care.

RESOLVED:

That the contents of the Operations Report be noted

6 AVANTAGE ANNUAL CUSTOMER SURVEY 2011

Consideration was given to a report on the results of the second Annual Customer Survey.

Avantage were contracted to carry out an Annual Customer Satisfaction Survey covering all aspects of living in Extra Care housing. The survey had been carried out during January and February 2011.

A total of 373 questionnaires were sent out, with 212 being returned. A high satisfaction rate was achieved in most areas and the percentage of residents very or fairly satisfied with the overall service had increased from 92.7% in 2010 to 93.7% in 2011.

RESOLVED:

That the results of the second Annual Customer Survey be noted.

7 BANK HOLIDAY OPERATIONS IN EXTRA CARE HOUSING

Consideration was given to a report on Avantage and the Authorities' different interpretations of the PFI contract on Bank Holiday working.

It had come to light that the Helpdesk and associated staff in the PFI Extra Care Housing Schemes had not been working on Bank Holidays. Avantage believed that there was no requirement in the contract for the Helpdesks to be staffed, whilst the Authorities believed that the contract was clear that staff should be in place.

A temporary arrangement had been put in place since Christmas 2009 whilst discussions about the contract were held so that no scheme was without a helpdesk for more than 2 consecutive days.

The discussions had now resulted in stalemate between Avantage and the Authorities. There were two options on the table: - to accept and move forward with the interim arrangements or invoke formal dispute procedures.

The preferred option was to accept the temporary arrangements and amend the contract to ensure that the level of service was maintained as the formal dispute resolution process was both lengthy and expensive.

RESOLVED:

That the interim arrangements for Bank Holidays be approved and Officers be authorised to make a contract amendment to ensure that the arrangements continued.

8 TRANSFER OF 10% SUBORDINATE DEBT BY GLEESON AND NATIONWIDE TO MBIA

Consideration was given to a report on the proposed transfer of PFI subordinate debt from Gleeson and Nationwide to MBIA.

Notification had been received that Gleeson and Nationwide intended to sell their share in the Special Projects Vehicle to MBIA UK (Insurance) Ltd. This amounted to two-thirds of the subordinate debt with a value of approximately £3m. The senior debt of approximately £80m remained with Nationwide.

The Project Agreement provided in Clause 69.2 that the Contractor may transfer shares to a Suitable Third Party and was obliged to provide the Authority with written notice of its intention to do so.

A 'Suitable' Third Party was defined as a party which was not Unsuitable. An Unsuitable Third Party was defined as

“(a) any person who has a material interest in the production, distribution or sale of tobacco products and/or alcoholic drinks

(b) any person whose activities are, in the reasonable opinion of the Authority, incompatible with the provision of having Services by the Authority or

(c) any persons whose activities, in the reasonable opinion of the Authority, pose or could pose a threat to national security.”

Based on a limited due diligence exercise, which included obtaining background information on the structure of the MBIA Group, officers were able to discount (c) and decided that neither (a) or (b) applied to the MBIA Group. Standard financial checks had also been carried out on MBIA and its holding company.

This opinion was supported by a letter from Nationwide giving their consent to the transfer.

Avantage had concluded their own due diligence and was comfortable with MBIA's suitability as a shareholder in the Special Projects Vehicle. The partners in the Special Projects Vehicle had had an ongoing relationship with MBIA for a number of years.

RESOLVED:

That the due diligence exercise be confirmed.

9 ANNUAL FINANCIAL REPORT FOR 2010/11

Consideration was given to a report on the financial position and Reserve in relation to the PFI contract.

The purpose of the PFI Reserve was to smooth out timing differences over the 30 year period of the agreement. These relate to timing differences between the receipt of funds by the Council and the amounts released by the Council towards the monthly Unitary Payments. The Reserve had been largely left untouched during 2010/11 as the timing of transactions coupled with very low interest rates meant that there was not any in year surplus to be invested. Any surplus balances in the reserve are invested and carried forward to cover the projected deficits in future years, with the Reserve ultimately balancing at zero when the agreement ends. The current Reserve balance was £1,550,000.

The current position masked underlying potential problems that would occur going forward. Main areas of concern were the affordability issues being experienced by both Councils and therefore the ability to make anticipated contributions to the Reserve in the short term. These contributions were anticipated from two revenue sources – the Adult Social Care budget which was under considerable pressure, and Supporting People monies for which the funding stream had changed.

The current economic climate with the consequential effect on interest rates would also affect the reserve going forward. Interest was planned at 4.5% per annum on invested funds, whereas the current rates generated little in excess of 0%. If the current position continued in the longer term it would have a material adverse effect on the Reserve. Also of relevance was the impact of inflation on the elements of the contract. It was anticipated that over the first five years of the contract the investment returns would be lower than planned but that inflationary levels would be lower, in part compensating for the loss of investment income.

In line with the formal review of the care contract, a formal review of the Reserve would be undertaken every five years. Informally the Reserve would be reviewed annually and report to the Board.

RESOLVED:

That the contents of the Financial Report be noted.

10 GOVERNANCE OF PFI EXTRA CARE HOUSING

Consideration was given to a report on the proposed new governance arrangements for Extra Care Housing schemes.

The current governance arrangements for Extra Care Housing were set up in 2009. At that time it was anticipated that there would be further PFI funding available and that the main activity for the next five years would be the procurement and buildings of four more PFI Extra Care Housing schemes together with an overview of the operations of the current five PFI schemes.

In the light of this, a governance regime had been established that was overseen by the Joint Extra Care Housing Management Board (JECHMB). Beneath this was a Joint Officer Group consisting of the Heads of Service from both Authorities and reporting to this Group was the Project Development Group which was split into workgroups to deal with each part of the Competitive Dialogue.

As a result of the Round 5 funding being cancelled and the two Authorities having decided to manage the care provision and restaurant facilities in different ways, it was proposed that the governance regime be altered.

It was suggested that the JECHMB meet once a year to approve the Extra Care Housing PFI Accounts. The JECHMB, as a joint board, would discuss only matters to do with the PFI contract including financial, legal and operational matters. However, the meeting would be held in two parts so that the members could split East and West to discuss any relevant intra-Authority care or restaurant matters.

It was also proposed that the Joint Officer Group should consist of Senior Managers from each Council rather than Heads of Service and also hold two part meetings – the joint part to discuss any PFI Contract matters and then each Authority to discuss matters to do with its own care and catering provision.

Any further Extra Care Housing governance arrangements would be the decision of the individual authority.

Cheshire East Council would continue to manage the PFI contract on behalf of both Authorities and would manage the care provision and catering in Beechmere (Crewe), Oakmere (Handforth) and Willowmere (Middlewich). Cheshire West and Chester Council would manage the care provision and catering in Hazelmere (Winsford) and Hollymere (Ellesmere Port).

Members suggested that the JECHMB should meet twice a year to monitor financial, legal and operational matters in relation to the contract. The suggested second part of the meeting - to allow members to split East

and West do discuss any relevant intra-Authority care or restaurant matters, was to be held at a separate meeting if required rather than after the meeting of the JECHMB.

RESOLVED:

That the Joint Extra Care Housing Management Board meet twice a year and separate meetings held to discuss any relevant intra-Authority care or restaurant matters.

The meeting commenced at 4.05 pm and concluded at 4.55 pm

Councillor R M Domleo (Chairman)