



Housing Private Finance Initiative: bidding guidance for Round 6



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Foreword

Social housing is not just a safety net for the most vulnerable in our society but a springboard to opportunity. However there are still neighbourhoods that are marginalised, overlooked, workless, and often unpopular. Unless we recognise the unpopularity of some of these most difficult estates, we will never make a difference. And we will fail to give a chance and make a better offer to those residents.

Some neighbourhoods require a fresh approach and fresh thinking: significant demolition alongside some refurbishment is often needed with subsequent re-planning as a mixed tenure community. New homes can meet the standards of the day and be exemplars of design and quality, open space can be re-configured as a hugely important neighbourhood resource, retail space can be re-invigorated and community facilities brought into the 21st century. Physical improvements though need to go hand in hand with service led ones in order to make a lasting change and this should provide an opportunity to think creatively about tackling what are often associated problems of worklessness, community engagement and social exclusion.

Private Finance Initiative (PFI) is well placed to effect the transformational change which is needed. Public sector funding alongside private capital and the additional contribution that can come from releasing land values can deliver investment on the scale necessary.

There are 39 schemes in our current Housing PFI programme. We expect that they will improve the quality of 28,000 council homes and directly provide an additional 3700 affordable rented homes. In addition some schemes will act as a catalyst in providing more new homes for sale, either outright sale or on a shared ownership basis, generating a contribution to costs through cross subsidy in the process.

I would like to see more schemes with these characteristics. I also believe there is a place on the programme for schemes which deliver new and additional affordable rented housing and thus help in reaching the supply targets which Government has set as well as our Public Service Agreement target to increase the proportion of socially excluded adults in settled accommodation. The PFI projects centred on the provision of extra care services to elderly households through modern, high quality facilities have been particularly successful and I anticipate continued demand from authorities for this type of scheme.

This guidance sets out how local authorities can apply for a place on the Housing PFI programme and, in detail, what we will look for – and what we will seek to avoid. In due course the Housing PFI programme will be relocated into the Homes and Communities Agency and I look forward to continuing to work with local authority partners in the context of Sir Bob Kerslake's 'single conversation'.



Caroline Flint MP
Minister for Housing

Summary

A 6th bidding round for Housing PFI was announced on 2 July 2008. This bidding round, which is open to all local authorities, invites Expressions of Interest in both HRA and non-HRA schemes to use **up to** £1.875bn of PFI credits, ie the total made available to housing in the 2007 Comprehensive Spending Review (CSR07).

These resources will be directed at delivering and supporting transformational change in local authority neighbourhoods and their housing stock, adding to the new housing supply through both re-provision and additional PFI funded general needs and extra care housing and also facilitating additional market sale, low cost home ownership and social rented housing where these fit into regional priorities. The previous round of the programme was the last to focus explicitly on delivering decent homes standards and, therefore, whilst it is likely that some schemes will include some element of refurbishment of existing homes, we expect a primary focus on regeneration and new build and do not expect any scheme to focus principally on refurbishment.

The 6th Housing PFI bidding round has been launched under the auspices of Communities and Local Government, though in the near future responsibility for the delivery of the current and future Housing PFI programmes will transfer to the new Homes and Communities Agency (HCA). This detailed bidding guidance and the future scope of the programme have been discussed and agreed with the HCA and we are confident that the transition of the Housing PFI Team and Housing PFI programme delivery from Communities and Local Government to the HCA will be smooth and underpin efficient and effective future programme management and delivery.

We intend to give priority to projects that deliver a range of outputs contributing to regeneration and the creation of sustainable communities. In particular, we would encourage proposals that demonstrate more than one of the following:

- a re-positioning of estates and their neighbourhoods in terms of quality and diversity of housing, reputation and demand
- a comprehensive approach to a broad policy agenda which includes tackling worklessness, community empowerment and enhanced design and quality
- a recognition that service led solutions must complement bricks and mortar ones
- a 'thematic' approach to stock needs (eg addressing problems with sheltered housing)
- an increase in affordable rented housing, particularly where this addresses the needs of specific client groups, especially those socially excluded.

New homes funded through PFI should meet current standards. Principally this means adherence to the Housing Corporation's Design and Quality Standards which include a requirement to meet the requirements of the Code for Sustainable Homes (CSH).

The standardised guidance in our Housing PFI Procurement Pack, published in 2004, has been well received and widely adopted and contains a mandatory sector-specific Project Agreement which is compliant with HMT's *Standardisation of PFI Contracts* (SoPC) Version 4 (2007). The rest of the Procurement Pack is currently being updated to reflect developments and learning over the last three years and will be available in time to help Round 6 authorities who successfully gain a place on the PFI programme to prepare their Outline Business Cases (OBCs). The updated Pack will contain mandatory and compliant new build housing requirements.

Generally speaking Communities and Local Government are looking to support 6th Round projects of significant scale. We have in mind projects with a capital value of £100m or more which we believe will attract a strong market response leading to value for money deals for the public sector and proportionate set-up costs on both sides. While not a hard and fast rule we would expect smaller projects to be bundled in some way in order to secure the same outcomes. This might be, for instance, because housing markets don't stop at local authority boundaries and neighbouring authorities might thus collectively want to procure investment across their sub-region. Where a Housing PFI project is proposed as a scheme anchor or catalyst for a wider regeneration scheme, the PFI project should be capable of 'stand alone' procurement.

There may be a case for making use of alternative procurement regimes from other sectors in order to achieve similar ends eg Building Schools for the Future (BSF) and Local Improvement Finance Trust (LIFT). However there are no successful such precedents to date and Communities and Local Government and the HCA would want early notification and compelling evidence that any such proposals were appropriate, particularly in the context of an initial Official Journal of the European Union (OJEU) notice, and deliverable. LIFT would only be considered for extra care or sheltered housing schemes and the Expression of Interest would need to contain evidence that the OJEU notice for the LIFT scheme allows for the housing proposal.

Communities and Local Government have developed a Housing PFI Financial Model for all types of Housing PFI which should be completed as part of the initial Expression of Interest bidding stage. This model calculates a maximum value of PFI credit as support for the scheme as well as providing an assessment of the affordability of the project from the local authority perspective. The model also incorporates HMT's own value for money (VfM) test which means that, at least in the developmental stages of a project, authorities can drive all the relevant analyses from a single set of inputs and without the need to commission separate bespoke modelling.

The Government's Efficiency Review set targets for efficiency gains across the public sector. The resources released through greater efficiency can be refocused on improving front line services. Ministers will wish to ensure that all housing programmes support the objectives of the Efficiency Review and make the best possible use of the investment being made. PFI is therefore no exception and we are currently developing our approach to capturing and measuring efficiency gains across the programme. As part of this we will need to make clear the gains we will expect Round 6 projects to make over those in the current PFI programme.

Introduction

1. This 6th bidding round is for HRA and non-HRA PFI projects and we are inviting Expressions of Interest from local authorities who wish to pursue PFI projects and who need central government support in the form of PFI credits.
2. In assessing and selecting schemes, Communities and Local Government will take account of the housing-specific criteria at Annex A, and will also be mindful of the criteria to be applied by all government departments in considering whether to submit schemes for Project Review Group endorsement (see Annex B).
3. We will also be asking the relevant Government Office in your region to comment on proposals and, in particular, to give their views on the appropriateness and deliverability of individual schemes, given local circumstances and regional priorities. Given the transfer of the programme into the HCA we will of course also be liaising with regional staff currently in the Housing Corporation and English Partnerships to the same ends.
4. Demand for PFI credits is likely to outstrip supply. Our purpose in inviting Expressions of Interest as a first stage is to minimise the time and effort authorities spend on developing projects which do not ultimately receive support, because of funding constraints. We do want to ensure, however, that estimates of the likely level of PFI credits required to support projects are as accurate as possible and we will therefore be asking all applicants to complete the Communities and Local Government Housing PFI Financial Model.
5. Authorities should be realistic about the amount of PFI funding they intend to seek. They should set out how they will use complementary sources of funding to lessen the PFI credit requirement, eg cross subsidy from the release of developable land and the benefit of the residual value of assets to the private sector where these do not revert to the authority at the end of the contract. All applications will need a robust justification in terms of strategy and value for money. In view of the credit availability, priority will be given to schemes that seek to maximise outputs from credits through the use of other resources.

Bidding timetable

6. The timetable for this bidding round is set out below. We are aiming to secure OBC approvals well within the timeframe of the current CSR period and adherence to agreed timetables will be an ongoing condition for authorities.

Launch of bidding round	2 July 2008
Expressions of Interest submitted by	31 October 2008
Assessment and formulation of programme by	End of Feb 2009
OBCs endorsed by target date of	End of July 2010

Format of proposals

7. Applications should consist of a completed cover sheet, as set out in this guidance, together with a written proposal covering all the topics below in the order in which they appear. Proposals should not exceed 20 pages in length, excluding the annexes indicated in this guidance. All documents should be relevant to the case. Please do not include supplementary material that is not directly relevant.
8. A completed copy of the Communities and Local Government Housing PFI Financial Model must be attached and there should be a clear indication of the amount of PFI credits required. Authorities should note that the Communities and Local Government model calculates the upper limit of credits that can be generated by the scheme but that we would also expect the authority to indicate the level of PFI credits at which the scheme is affordable.

Topics to be covered

Scope of the contract

Authorities should describe the scope of the project and length of the contract.

9. This section of your Expression of Interest should be a straightforward summary of the nature of the proposed project and the proposed capital works together with an indication of the services which will be included within the contract.
10. Technically there are two types of Housing PFI: 'HRA' schemes are those focused on council housing and 'non-HRA' schemes are those providing additional, non-council, affordable rented housing. Non-HRA schemes will be accounted for in the General Fund since, at least for the term of the contract, the assets provided are not owned by the local authority.
11. However there may be scope for including both HRA and non-HRA housing in the same scheme. Such an approach could reflect diversity of tenure aims, affordability constraints or funding and scale opportunities. Please get in touch at the earliest opportunity to discuss any such possible proposal.
12. The make-up of a 6th round programme of activity is likely to have a bias toward those projects which are seeking to transform existing areas of predominantly local authority housing into long term sustainable communities. These locations might be characterised by the poor design and quality of homes and by a general built environment with little or no quality open space. Existing management arrangements might well have contributed to the poor reputation of the area and its general undesirability. Measures of dissatisfaction might include high turnover of tenancies and a high level of voids. The solutions are for the local authority to determine with its other public and private sector partners but these are likely to include the re-planning of an estate or neighbourhood, a significant amount of demolition and provision of new build, high quality accommodation on a mixed tenure basis. New homes for the authority and other social rented housing would be funded through the PFI arrangements but additional affordable rented housing, low cost home ownership and market sale homes, and possibly additional social infrastructure, might be provided alongside by the private sector partner(s) through different private and public funding arrangements. These may well create a significant opportunity for the costs of the project to be met in part by cross subsidy from market sale housing or other commercial development opportunities. We would expect authorities to properly assess the extent to which this is possible given the longer term local property market and wider economic forecasts.

13. The authority is also likely to be looking for a step change in the quality and effectiveness of management solutions in the broadest sense and these should address associated problems of, for instance, worklessness, community engagement and empowerment and educational attainment, where these exist. We understand of course that authorities may well have alternative strategies on the service delivery side, if they have for instance established Arms Length Management Organisations (ALMOs) covering the stock in question. We will not therefore prescribe the scope of projects providing there are good strategic reasons for the authority's preferred options.
14. There will continue to be room in the programme for projects providing new or additional affordable, non-council rented housing. The current programme includes general needs and extra care housing schemes and we would continue to support such projects where they are structured to optimise the market's response and thus the benefit to the local authority.

Scheme location and size

Authorities should describe the location of the proposed scheme and the number and type of dwellings to be included.

15. Authorities should note that Communities and Local Government does not anticipate considering PFI schemes covering the whole housing stock. Rather, authorities should consider applying the PFI solution to an area or stock type in the context of their wider housing strategy. Resources may best be focused on a defined geographical area with a common sense of identity and local authorities should seek to maximise the opportunity to deliver a comprehensive and coherent investment and management solution. The HCA will have an emphasis on talking to local authorities about regional and sub-regional issues, reflecting the fact that housing markets don't stop at local authority boundaries. It may be sensible in some circumstances to consider working with neighbouring authorities or joining up with other PFI proposals in the area, particularly if this generates scale and economies. We subscribe to the view that PFI offers the greatest scope for VfM and the best prospect of efficient procurements where projects are of a sufficient scale. As a rule of thumb we will presume that projects should have a capital value of £100m or more though we will be happy to discuss smaller proposals which are likely to deliver similar outcomes.
16. Please note that the capital cost of the scheme will represent the upper limit of the possible PFI credit allocation. However, in many cases the actual credit awarded will be lower. Local authorities will be expected to cover as much as possible of the costs of the project through resulting operating cost savings, third party use of assets and services and other sources of revenue, and to minimise their applications for PFI credits accordingly.
17. **HRA housing only** – Authorities should describe the specific geographical area to be covered and, if applicable, the quantity and type of council stock

(general needs, extra care or supported housing) to be included in the scheme. A description of the various building archetypes included in the scheme is required as well as details of the number and location of Right to Buy (RTB) properties in the area, ie whether these are concentrated in specific locations or pepper-potted throughout the area. An indication of the number and location of leasehold properties is also required. Please note that Communities and Local Government funding will not cover the re-purchase of ex-council properties or the refurbishment of leasehold properties. A map of the area should be attached as an annex and photographs may also be included for illustrative purposes.

Strategic context/need

Authorities should describe how the proposed scheme fits within their wider housing and regeneration strategies.

18. Authorities should set out the impact for both HRA and non-HRA schemes that new dwelling size, mix and additional homes across tenures will have on meeting need in their areas.
19. Authorities should explain how the scheme relates to their overall housing strategy and HRA Business Plans, and why it is a priority for investment. Where appropriate, explain how the scheme supports any wider regeneration initiatives or strategies for the area – for example, Market Renewal, Mixed Communities, Single Regeneration Budget (SRB) investment, New Deal for Communities (NDC) Partnerships, Community Plans, local homelessness and Supporting People strategies.

Evidence of housing demand

Authorities should provide evidence of long-term need and demand for the housing provided through the proposed scheme.

20. Being able to demonstrate long-term need and demand for the stock is key to delivering sustainable investment and optimising the balance of risks between the partners to the PFI contract. Authorities are asked to provide evidence of current demand and anticipated demand, drawing on housing-specific information, eg waiting lists, levels of homelessness and use of temporary accommodation (especially for families), voids etc. and more general information relating to population projections, economic development and the housing and accommodation needs of vulnerable groups etc. If there are current or anticipated problems of oversupply or variable demand for the stock, authorities will need to demonstrate they have a strategy for managing this. This will be particularly important in areas of low housing demand.
21. A consideration of demand is also relevant where projects will deliver market housing (outright sale or shared ownership) alongside that provided for

the authority through the PFI. It is important that a professional assessment is made of future values and the demand for the type of accommodation that the private sector might be required to provide. This is because where this activity delivers cross subsidy into the project which, in turn, underpins affordability, Communities and Local Government will want to be confident that it is deliverable with the authority then held to its assessment.

22. In all areas it will be important to set this demand in the context of the wider housing market. The Communities and Local Government's *Strategic Housing Market Assessments: Practice Guidance* will assist authorities in understanding how their housing market works. This manual can be found at <http://www.communities.gov.uk/publications/planningandbuilding/strategichousingmarket>.

Land and planning

23. Those authorities submitting proposals for building new social housing should detail their strategy for securing land.
24. Our presumption is that land will normally be provided by the local authority, which builds in certainty of scheme delivery. If local authority land is provided at nil cost this will reduce the unitary charge and therefore the PFI credits. If, however, local authority land is sold to the contractor as part of the PFI contract, any receipts will be netted off the PFI credit support. The approach taken should be based on value for money.
25. However, where land, in part or entirety, is expected to be brought forward through other public sector bodies or by the private sector, we would expect that proposals would demonstrate and ensure that there would be no dominant bidder in order to guard against an unduly limited number of bidders and the possibility of a disadvantageous effect on competition and value for money. We would expect the authority to have a clear and robust strategy for securing and sustaining effective competition throughout procurement.
26. Where project outputs are proposed to be delivered on a significant number of individual sites we would expect a clear strategy for their delivery in a timely fashion, considering especially the requirement for multiple planning approvals.
27. Where land is secured through the use of S106 agreements as the basis for some or all of the project outputs, we would want to see strong evidence of the certainty of the sites in question being brought forward in accordance with the PFI project timetable in addition to the authority ensuring effective procurement competition.
28. Land necessary to deliver all or a significant proportion of project outputs should be secured by the time the Outline Business Case is submitted. Arrangements to secure any outstanding land required should be set out in

detail and be robust and timely in respect of the procurement process and timetable. We would be willing to consider proposals involving the phased securing and development of land post contract close, subject to there being an acceptable secured and significant core first stage of deliverable housing outputs at OBC stage. PFI credits would only be made available on a phased basis in such circumstances to reflect an acceptable investment profile of housing and related infrastructure.

29. Housing PFI schemes should have a Planning Statement (or Development Brief) formally approved by the planning authority for each project site at OBC stage. Regeneration schemes should also have a detailed Masterplan that complies with the Planning Statement. Planning Statements and Masterplans should provide a sound basis for robust scheme cost assessment.
30. We would **not** expect regeneration scheme Masterplans to have outline planning permission at OBC stage as this would limit future bidder input and could constrain design proposals and development opportunities.
31. Further guidance on land and planning requirements post OBC approval including with regard to the competitive dialogue will be included in the updated Housing PFI Procurement Pack.
32. Please get in touch at the earliest opportunity to discuss any issues or queries regarding securing land or planning matters. We would welcome engagement with local authorities and to hear their views and the views of the market on land and planning matters in response to this guidance.
33. In all schemes, HRA or non-HRA, general needs or extra care, project new build costs will need to compare favourably with the range established by Communities and Local Government's recent (March 08) review of the comparative costs of new build through PFI and Strategic Housing Grant (SHG).
34. Communities and Local Government will also be introducing fuller PFI value for money cost benchmarking guidance, extending beyond capital build costs to include lifecycle capital costs, operational costs, funding costs, residual value and sensitivity testing for Round 6 OBCs.
35. Annex C provides a few examples of current schemes, some of which are underway and others that are in various stages of procurement.

Stock condition and specialist surveys

Authorities bidding for HRA schemes should provide an outline description of the condition of the stock to be included within the proposed scheme. In the case of schemes involving new build, the number of units to be demolished should be identified along with the number of dwellings that are to be built – by tenure.

36. Since local authorities will have put into place plans for bringing stock up to the decent homes standard, it is expected that HRA schemes will not

be focused on stock refurbishment. Some refurbishment may however be a component of a larger regeneration focused scheme and where this is the case, existing stock condition data will not be sufficient to inform a PFI procurement though reasonably current data may be good enough to inform initial Expression of Interest costings. Authorities are asked at this stage to outline the main works that they expect would need to be carried out based on their best available information. It is essential that authorities present as robust a picture as possible about the condition of their stock and it is recommended that they use risk analysis and costing at this stage and identify any risk mitigation strategies that may be necessary. This should also inform the analysis of options and VfM.

37. Communities and Local Government will however expect bespoke surveys to be commissioned following Expression of Interest approval to report and inform costings at OBC stage. This helps to minimise risks the authority might otherwise retain and give confidence in the financial analysis preceding endorsement and procurement. Depending on the particular proposals, specialist structural, land and environmental surveys may be required in order to inform specifications and costings.

Options appraisal

Authorities should explain why PFI has been selected as the value for money solution for the proposed project.

38. In providing an explanation of why PFI is the preferred option, authorities should provide the relevant analysis from their option appraisal for the area/estate and an outline analysis of options considered for additional social housing, including the 'do nothing' option. The documentation of the appraisal of options should be reasonable, pragmatic and proportionate.

Calculation of the PFI credit, project affordability and VfM

Authorities are required to complete the Communities and Local Government Housing PFI Financial Model and adhere to the HM Treasury Value For Money Guidance, which includes a two part approach to assessing the VfM of a PFI Project, consisting of a quantitative and a qualitative evaluation.

39. The Communities and Local Government Housing PFI Financial Model is available from the Communities and Local Government website or on application from the Housing PFI Team. The model is for use by both HRA and non-HRA PFI proposals, and is designed to provide:
1. An indication of the maximum level of PFI funding that can be applied for. Authorities should note that the level of PFI credits suggested by

the model is an absolute maximum, which Communities and Local Government will not necessarily provide in full (Communities and Local Government reserves the right to apply a scaling factor to the funding of capital costs and therefore the allocation of PFI credits). In all cases Communities and Local Government will expect local authorities to provide contributions to the scheme, be it through revenue funding from existing budgets or through cross subsidy generated from the release of land. The model also enables the authority to set the level of PFI credit which will make the scheme affordable (which is presumed to be less than the calculated maximum).

2. The completed model should be accompanied by a completed data sheet which confirms and contains evidence to support all inputs, by a completed benchmarking sheet which contains details of the estimated capital costs and by a standard affordability presentation sheet. Templates for the data, benchmarking and affordability presentation sheets are available from the Communities and Local Government website or Housing PFI team (these will be supplemented by additional operational cost and sensitivity sheets at a later stage).
 3. An indicative view of the affordability of the project. Whilst we recognise that at Expression of Interest stage the costing of a PFI scheme is not going to be particularly sophisticated, we will expect to see authorities considering the accuracy and robustness of output of the model, and where necessary identifying methods by which they will ensure that the scheme remains affordable during procurement. The impact of the scheme on the wider HRA/General Fund will also need to be considered. For example, for an HRA scheme local authorities will need the resources to meet costs such as insurance that cannot be covered by the PFI credit.
 4. An indication of the VfM of the scheme in line with HMT VfM Guidance. The Communities and Local Government model includes the Quantitative HMT VfM Model, which is automatically completed using the inputs provided. The inclusion of the HMT VfM Model has been endorsed by HMT, and therefore authorities do not need to complete a separate HMT VfM Model (Quantitative Assessment).
40. The Communities and Local Government model includes a sheet for optimism bias, which should be completed in all cases. Optimism bias forms part of the value for money comparison, but does not feed through to the calculation of the level of PFI credit. Commentary must be included in the Expression of Interest to support the mitigation of optimism bias. The completed Communities and Local Government model should be provided as an annex.
 41. Authorities should provide justification for all of the inputs used in the Communities and Local Government Housing PFI Model.
 42. Authorities should note HM Treasury's guidance for VfM which can be accessed at www.hm-treasury.gov.uk/documents/public_private_partnerships/additional_guidance/ppp_vfm_index.cfm. The HMT VfM

assessment process includes a quantitative element which is included within the Communities and Local Government model, and is not required separately; and a qualitative element. Completion of this will not be required for the Expression of Interest but the authority will be expected to demonstrate knowledge of the process in their commentary. Please discuss with the Housing PFI team at Communities and Local Government if you need advice on this.

Market appetite

Authorities should identify the commercial interest of potential bidders, providing evidence of market testing.

43. The success of Housing PFI is as much to do with the preparation of the authority, as with the interest and contribution of the private sector in the proposal being made. Communities and Local Government expects authorities to be certain that there is enough commercial interest to generate and sustain competition for the project. This should be monitored from an early stage of project development. Authorities should detail their tests of the market and how these have been taken into consideration in working up their bid.

Risk transfer

Authorities should give their preliminary views on the allocation of risks between the authority and the PFI contractor.

44. A basic premise of PFI is that the risks attached to a project are allocated to the party best able to manage them. Communities and Local Government expects authorities to allocate risks appropriately with significant risk transfer to the private sector while, at the same time, achieving good VfM for the public sector. The Expression of Interest should explain any particular issues that are likely to arise with the proposed scheme and a general understanding of the principles of risk transfer.

Consultation

For HRA projects, authorities should set out what consultation has already been carried out, and for non-HRA schemes, a strategy for consulting stakeholders on the proposal and any consultation so far undertaken.

45. Where projects include an element of tenanted stock which is either refurbished or re-provided, Communities and Local Government expects tenants to be given the opportunity for involvement in decision making in line with best practice on tenant participation and consultation, recognising the diversity of the residents. Local authorities should explain how they

will comply with the tenant empowerment strategy that was agreed with the Community Housing Taskforce (CHTF) during the options appraisal. Consultation should also include a strategy to deal with leaseholders as part of the statutory requirement to consult them. The demonstration of adequate consultation is a factor in the Secretary of State's consideration of an application for a S27 consent to delegate an authority's housing management functions, a requirement for PFI contracts.

46. Please note Communities and Local Government does not expect authorities to commission tenant surveys or other initiatives specifically to support this application, but must attach evidence of any relevant information already gathered, for example minutes or letters from steering groups, which can be attached as an annex, and details of future plans for consultation.

Councillor commitment

Authorities should indicate the extent to which Councillors are aware of and committed to the project.

47. Authorities should describe what steps have been taken to inform councillors of the proposal, including any corporate impact it may have, and the level of commitment to this application and the project so far gained. Communities and Local Government expects that the Council (through delegated arrangements if appropriate) is supportive in principle. Minutes of any relevant meetings must be presented in an annex.
48. Best practice suggests that a credible demonstration of cross party support in authorities which have no overall political control will be instrumental in securing the best response from the bidding market and convincing bidders to invest in the scheme by removing, as far as possible, a procurement risk.

Project management

Authorities should indicate how they will resource the development and procurement of the project.

49. Authorities should describe what skills and experience they would expect to bring to the project and how the project team might be composed, including any external advice they anticipate might be required. Communities and Local Government will be looking for evidence that the local authority has given careful consideration to planning, designing and resourcing the project. Local authorities who have no previous experience of Housing PFI will need to think particularly carefully about how they will effectively resource project development and delivery: they are invited to consider drawing in experience from other parts of the council where this exists and/or seconding in experienced staff from other authorities. Our view is that the local authority's procurement costs for a PFI will be a minimum

of £0.75m for straightforward new build schemes and may well be more, particularly for complex regeneration schemes. We will look for evidence that this is understood and has been agreed. This significant up front cost argues for projects of sufficient scale in order for it to be proportionate which could mean collaborative procurement of smaller projects by neighbouring authorities – but with a clear lead – with the then added benefit of sharing set-up costs.

50. Authorities should note we require an acceptance that project management is a dedicated job for a full time member of staff and expect the project manager to develop the OBC for the project. The level of other staff resources that are required will vary according to the complexity of the scheme but the Expression of Interest should contain evidence that sufficient resources will be made available.
51. Authorities should also identify any risks in the procurement process and identify mitigation strategies for these risks. Local authorities will need to demonstrate that there is senior level support and commitment to the proposal.

Timetable

Authorities should provide an indicative project timetable.

52. Authorities should describe, in outline, a realistic timescale and process through which they expect their project to be developed and provide their best estimate of when contract signature might be achieved. This should include the time estimated for preparation of the full OBC for Project Review Group consideration, as well as the time estimated for the main stages of the procurement process itself. Authorities should note their place on the programme will be subject to adhering to timetables which are agreed after schemes have been added to the programme.
53. The scheme timetable should allow at least nine months for development of the Outline Business Case and an understanding of the Competitive Dialogue process up to OBC submission to Communities and Local Government.
54. The procurement timetable should be based on the agreed sector timetable target of between 24 and 30 months for straightforward new build schemes and between 31 and 36 months for the more complex regeneration schemes from PRG endorsement to financial close.

Other considerations

Authorities should justify and explain any issues arising from their proposals. Examples of issues which may arise are as follows, though this list is not exhaustive.

HRA only

55. Authorities need to be aware of the implications for the scheme where stock is managed by another party ie an Arms Length Management Organisation or Tenant Management Organisation etc. and explain how they will tackle the issues that arise from such an arrangement. More specifically, what effect would the PFI bid have on the management organisation (as a viable business) and its responsibilities under the existing arrangements with the council? Communities and Local Government expects that other parties involved in the management of council stock (through delegated arrangements) are supportive in principle of the PFI project and have been informed of the implications, as evidence of the deliverability of the proposal. Minutes of any relevant meetings must be presented in an annex.

Joint programme funding

56. Communities and Local Government welcomes proposals, which are jointly funded by different government departments and/or across local authority departments. These schemes need to be fully integrated and able to demonstrate this in a practical way ie where a county council is procuring on behalf of a number of district authorities there needs to be a clear strategy to manage the relationship and decision making process.
57. If a local authority is preparing a joint scheme which will require funding from other government departments, it is important that the financial analysis included within the bid demonstrates the affordability and VfM of the scheme in its entirety.
58. In these cases we require the Communities and Local Government Housing PFI Financial Model to be used solely to identify and support the requested level of Communities and Local Government PFI credits, based on the works included within the Communities and Local Government element of the project. In demonstrating the affordability and VfM of the overall project, the local authority will have to provide its own analysis, outside of the Communities and Local Government Housing PFI Financial Model. This should be based on a single unitary charge.
59. Please also provide a brief description of any elements to be funded outside of the requested Housing PFI credits.
60. If you are planning on submitting proposals for a joint scheme then please contact Communities and Local Government should you wish to discuss your specific financial modelling requirements.

Sources of further information

61. Information on Housing PFI can be found on the Communities and Local Government website <http://www.communities.gov.uk/housing/decenthomes/deliveringdecenthomes/housingpfiprivate>.
62. The aims and objectives of Housing PFI are outlined, and there are details of current initiatives as well as relevant guidance notes and guidance for local authorities on tenant consultation.
63. A guide for tenants is available on our website at www.communities.gov.uk/archived/publications/housing/housingprivatefinance.
64. The review of the comparative costs of new build social rented housing can be found at <http://www.communities.gov.uk/publications/housing/nonhrapfi>.
65. There is also a significant amount of more general guidance available on PFI. Much of it is conveniently brought together on the 4ps website at www.4ps.gov.uk including access to the Housing PFI Procurement Pack. This also has links to other main sources of information such as the HMT and Communities and Local Government websites.
66. To access the Communities and Local Government website on local government PFI go to www.local.communities.gov.uk/pfi/index.htm. From this page information can be found on endorsed PFI projects, PFI regulations (including the Capital Finance Regulations) and PFI published guidance. Relevant HMT advice can be accessed at www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_efficiency.cfm
67. The Gershon Review, *Releasing resources to the frontline: Independent Review of Public Sector Efficiency (2004)* can be found on HMT's website www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_efficiency.cfm.

Application for provisional Communities and Local Government support for HRA Housing PFI projects

HRA Cover Sheet

NAME OF LOCAL AUTHORITY:	NAME OF GOVERNMENT OFFICE:
SCHEME TITLE:	
CONTACT NAME AND ADDRESS: Telephone: Fax: E-mail:	
SHORT DESCRIPTION OF THE SCHEME	
TOTAL NUMBER OF PFI SUPPORTED UNITS OWNED BY THE COUNCIL Before Development Non-Decent (ND): NDs To Be Demolished: After Development Made Decent through refurbishment: Made Decent through re-provision: Net New Build:	TOTAL NUMBER OF FACILITATED UNITS AFTER DEVELOPMENT For leaseholders: For shared ownership: For social rent: For private sale: Please ensure these units are not included in the model calculations.

<p>TOTAL NUMBER OF UNITS</p> <p>Before development:</p> <p>After development:</p>	<p>HAVE SITES BEEN IDENTIFIED? Y/N</p> <p>If so, how many units can be built on those sites?</p> <p>for re-provision:</p> <p>and for additional new social rent</p> <p>Who owns the land?</p>
<p>ESTIMATED PFI CREDIT REQUIRED:</p>	<p>WHAT IS THE PROPOSED COUNCIL CONTRIBUTION TO THE PROJECT:</p>
<p>PLEASE LIST PFI CREDITS BEING SOUGHT OR CONFIRMED FROM ANY OTHER DEPARTMENT AS PART OF THIS PROJECT:</p>	

Application for provisional Communities and Local Government support for non-HRA Housing PFI projects

Non-HRA Cover Sheet

NAME OF LOCAL AUTHORITY:	NAME OF GOVERNMENT OFFICE:
SCHEME TITLE:	
<p>CONTACT NAME AND ADDRESS:</p> <p>Telephone:</p> <p>Fax:</p> <p>E-mail:</p>	
SHORT DESCRIPTION OF THE SCHEME	
<p>TOTAL NUMBER OF PFI SUPPORTED UNITS</p> <p>Before development:</p> <p>After development:</p>	<p>HAVE SITES BEEN IDENTIFIED? Y/N</p> <p>If so, how many units for social rent can be built on those sites?:</p> <p>Who owns the land?</p>
<p>TOTAL NUMBER OF FACILITATED UNITS AFTER DEVELOPMENT:</p> <p>For shared ownership:</p> <p>For social rent:</p> <p>For private sale:</p> <p>Please ensure these units are not included in the model calculations.</p>	

ESTIMATED PFI CREDIT REQUIRED:	WHAT IS THE PROPOSED COUNCIL CONTRIBUTION TO THE PROJECT:
PLEASE LIST PFI CREDITS BEING SOUGHT OR CONFIRMED FROM ANY OTHER DEPARTMENT AS PART OF THIS PROJECT:	

Annex A – Prioritisation criteria for HRA and non-HRA Housing PFI schemes

In considering Housing PFI projects for submission to the Inter-departmental Project Review Group, Communities and Local Government will apply the following criteria in addition to the published assessment criteria of the Project Review Group:

Value for money: Schemes will need to demonstrate VfM using HMT's quantitative assessment tool which is part of the Communities and Local Government Housing PFI Financial Model. If the scheme includes joined up elements as well as housing, overall value for money will need to be demonstrated and details of other sources of income required to fund the scheme, including PFI credits from the relevant government department should also be provided. Non-HRA schemes will need to compare favourably with the benchmarks established through Communities and Local Government's cost of new build social housing review.

Demand: Authorities will need to demonstrate continuing high demand for the properties in the PFI contract over the contract term.

Policy objectives – HRA: Authorities will need to demonstrate how the project will contribute towards achieving transformational change in local authority stock.

Policy objectives – additional social rented housing: Authorities will need to demonstrate how the project fits with regional housing priorities.

Strategic context: Schemes should be integrated within the authority's overall housing strategies and should represent an investment priority for the authority. Where appropriate, Communities and Local Government will also take account of the extent to which schemes are embedded within a wider regeneration strategy for the area and are linked to complementary initiatives. Authorities will also need to demonstrate how the project will contribute towards wider government priorities and initiatives, such as: tackling homelessness; combating social exclusion; addressing worklessness; empowering communities; creating sustainable communities; providing larger units of family accommodation; helping first time buyers; increasing the number of new homes; revitalising areas suffering from low demand complementing housing market renewal investment; fostering innovation and cost-effectiveness in design and construction methods and promoting energy efficiency.

Tenant participation (HRA only): Authorities will need to demonstrate that they have considered the implications of the scheme for tenants and

that they have a sound strategy for consulting tenants on the proposals. Communities and Local Government will take account of the extent to which tenants have already been actively involved in decision making for the area as part of the options appraisal process.

Efficiency: Communities and Local Government will look favourably upon schemes that promote the use of innovative and cost-effective solutions both in meeting their objectives and during the procurement process. Communities and Local Government is working on a number of ways in which efficiency in social housing procurement can be increased to deliver more resources to the front line. Efficiencies may not only result in cost savings but also in increased quality. Value for money is more likely to be secured if the PFI work is procured in such a way as to maximise efficiency.

Marketability: Authorities will need to demonstrate that there is commercial interest in the project from the private sector and that there is every prospect of sustaining a competitive procurement.

Project management: Authorities will need to demonstrate that they have a good record of programme delivery, a good grasp of project management skills and arrangements in place to provide the resources required to deliver a PFI scheme.

Design quality: Authorities will need to take account of published guidance on design and quality. They should also promote the use of innovative and sustainable construction solutions in line with the principles set out in *Rethinking Construction*.

Communities and Local Government expects that homes provided through PFI will meet the standards of the day. Principally this means adherence to what are currently the Housing Corporation's Design and Quality Standards which include a requirement to meet minimum scores for key aspects of the Housing Quality Indicator (HQI) framework and also, progressively, the requirements of the Code for Sustainable Homes (CSH).

Annex B – Criteria to be applied by all Government Departments

To qualify for support a project must demonstrate in its OBC that it meets the following qualifying PFI criteria. An OBC will also wish to demonstrate how the project contributes to general government objectives such as diversity, cohesion and empowerment.

(1) Outputs

- (1.1) **Output specification.** The OBC should include a first draft of an output specification which should be set out as a clear definition of the objectives and outputs needed, with the standards required (rather than particular assets or solutions). This is a key characteristic of PFI contracts and allows for innovation and efficiency on the part of the private sector. The specification should be based on best practice and precedent from similar projects, and be consistent with affordability assumptions. An illustrative solution will generally be needed in order to undertake the necessary financial analysis, but it should be clear that this does not constrain the final solution.
- (1.2) **Planning and performance framework.** Projects must be consistent with and flow from the authority's plans and priorities, including Best Value Performance Plan and Community Strategy, the Capital Strategy and Asset Management Plan and/or the relevant strategic service plan.
- (1.3) **Sustainable development.** Projects must demonstrate an integrated approach to the social, environmental and economic well-being of the area, now and for future generations, in line with the Office of Government Commerce (OGC) guidance note *Green Public Private Partnerships*. This covers the promotion of sustainable development in location, design, construction, operation and maintenance.
- (1.4) **Design quality.** Where relevant, projects must show that they contribute to the Government's commitment to achieving "Better Public Buildings". Evidence could include the possible appointment of a 'design champion'; involvement of stakeholders; use of Design Quality Indicators (available from the Construction Industry Council); use of expert advice on design (including any involvement with the Commission for Architecture and the Built Environment (CABE)); and the extent to which design quality will be a key evaluation criterion for bidders. If the project involves construction work and lifecycle maintenance of buildings authorities should demonstrate how they intend to meet, as appropriate, the key objectives of the Egan Report. Authorities are expected to take account of the latest guidance on design quality in PFI projects available from OGC, CABE and 4ps. In some areas there may also be sector-specific guidance.

(2) Options appraisal

- (2.1) **Project options.** Projects must show that they are value for money, firstly in terms of a project scoped to best meet the needs and outputs identified. An OBC will therefore often include a cost/benefit analysis of the various options to demonstrate why the approach proposed was chosen. The methodology used should be in line with the Treasury guidance *Appraisal and Evaluation in Central Government* (the 'Green Book').
- (2.2) **Procurement options.** Value for money must also be shown in relation to the best procurement option. This should be done using the Treasury standardised VfM assessment procedure¹. This includes both qualitative and quantitative elements, which should both contribute to informing a wider judgement. Local authorities need to include a Stage 2 project assessment in the OBC, which will build on the Stage 1 programme assessment produced by the relevant sponsoring department. They should comment on any areas where their assessment differs from the general programme assumptions. Authorities should detail the sources of their information, and provide supporting material such as benchmarking against similar projects. The data used should be consistent with that used in other financial models.

(3) Affordability

- (3.1) **PFI payments.** The authority should submit financial models which set out the projected PFI service payments (the "unitary charge") for the reference project. These should show basic capital and revenue inputs, funding and timing assumptions. All financial models included in an OBC should be signed off by advisors.
- (3.2) **Sources of funding.** The models should use the projected costs to derive the PFI credit amount requested as detailed in Section D of this Guide. Again, all inputs, assumptions and calculation methods used should be set out. Other sources of funding must also be detailed. That includes assumptions on third party income and funding by partners (see also para 6.1). Any capital contributions planned should be exceptional, and an explanation of why they are necessary and how the risks involved would be mitigated must be provided.
- (3.3) **Affordability.** Payments should be shown alongside funding sources over the whole life of the contract (including also any interest earned on grant received in excess of that year's payments). The level of payments which the authority will have to meet itself (sometimes referred to as the "affordability gap") which this reveals must be accepted by members, senior management and budget holders. This should be done by reference to formal minutes. That commitment must take account of sensitivity analysis on factors likely to change.

¹ www.hm-treasury.gov.uk/documents/public_private_partnerships/additional_guidance/ppp_vfm_index.cfm

(4) Contract

- (4.1) **PFI contract.** A project contract must be based on accepted standardised contract documentation. With the exception only of LIFT projects, this will be *Standardisation of PFI Contracts (SoPC)*, as well as recognised sector-specific guidance, including Building Schools for the Future contracts and 4ps procurement packs. The version used, any addenda, and possible agreement to any derogations, should comply with the most recent instructions issued by HM Treasury.²
- (4.2) **Payment mechanism.** As a result of following the standard contracts noted above, eligible projects will be structured so that the transaction includes payment of fees at annual or more frequent intervals. In most cases payments should not be made until works have been completed and accepted, and the level of payment will at least partly be determined by performance standards or usage. Although up-front capital payments may in some exceptional cases be value for money, these must be agreed with HM Treasury at an early stage.
- (4.3) **Risk register.** Projects must supply an acceptable risk register (risk allocation) making a preliminary allocation of all the foreseeable risks associated with the scheme between the parties. This should follow standard form guidance including sector-specific guidance where relevant, such as 4ps procurement packs.
- (4.4) **Indemnity or guarantees.** No indemnity or guarantees must be given by the authority to any person in respect of any liabilities of the contractor with whom they enter into the contract (whether those liabilities were incurred in respect of the contract or otherwise).

(5) Accounting treatment

- (5.1) **Use of Financial Reporting Standard (FRS) 5.** A project must be considered a PFI contract under standard accounting requirements. FRS5 provides the basis for determining whether projects should be accounted for as a PFI contract or as akin to a lease – when Statement of Standard Accounting Practice (SSAP) 21 should be applied. The determination is based on whether or not there is an associated service element which is not independent of payments for the property.
- (5.2) **Balance sheet treatment.** Central Government has announced that it will be moving to International Financial Reporting Standards (IFRS), which will affect the way in which PFI assets are accounted for on the balance sheet. However, these new arrangements are not yet in place, and until a further announcement is made, authorities will need to provide an “initial view” of the accounting treatment as set out in Section 2 of *Technical Note No. 1 (Revised) How to Account for PFI Transactions (June 1999)*, available from the

² www.hm-treasury.gov.uk/documents/public_private_partnerships/ppp_standardised_contracts.cfm

Treasury website. The initial view must be supported by comments from the authority's external auditor as to whether it is reasonable. Should it appear likely during or after procurement that the initial view is likely to change, the sponsoring department should be notified immediately.

(6) Deliverability

- (6.1) **Project director.** The project director plays a key role in delivering the PFI/PPP project, and is therefore considered the most critical appointment to the project. The project director should be 'empowered' to do the deal, and the seniority of the person appointed will need to reflect the complexity of the project and the local authority's decision making structure. For most PFI projects, the project director will be supported by a project manager and a multi-disciplinary project team. Depending on the project and team, either the project director or manager plans and allocates responsibilities for the project's tasks and development as part of the project methodology and takes day-to-day responsibility for leading and managing the development, procurement, execution and delivery of the project. They will be responsible for leading the discussions and 'competitive dialogue' with bidding consortia.
- (6.2) **Project team.** The project director should be supported by a properly resourced project team with project management experience and the necessary range of skills and experience relevant to the project. This experience needs to be demonstrated in the OBC. The team need to be working within a suitable project management structure, which should be outlined with specific reference both to reporting lines to the project board and members; and to the delegation of suitable powers to allow effective management of the project. The project will be expected to be accessible to the involvement of the 4ps and departments.
- (6.3) **Sponsorship and support.** Projects must have support from all key sponsors (such as councillors and senior officers) and other stakeholders such as school governors. A project owner or 'local champion' who will be sufficiently well placed to promote and pilot the project and drive it to successful implementation should be identified. Typically this would be the director for the relevant service area, the chief executive, or the executive member who has the authority to negotiate and ensure that the project is completed. There must be an effective communications strategy to liaise with all interested groups and keep them informed of progress/key decisions. Where affordability depends on funding from other parties, commitment by those bodies to the levels set out in the affordability assumptions must be demonstrated.
- (6.4) **Commercial interest.** A project must be able to show evidence of commercial interest. The authority should set out its approach to market sounding exercises, and provide evidence of the number of organisations contacted and their response. If there are likely to be factors which might hinder a good competition (eg geographic or sector related) these should be addressed.

- (6.5) **Internal risk register.** A register should be included identifying all the risks to be managed by the public sector during procurement, ranking them in order of importance, and assigning risk owners and mitigation strategies. There should be regular reporting of risk management to the project board and a process to regularly update the risk register. If there have been any recent gateway reviews to inform the register, information on this should be included.
- (6.6) **Advisors.** A project will need to demonstrate that suitable advisors are in place (or, if not, when they will be), with the necessary funding. These are likely to need to cover technical, financial, legal, and insurance matters. If the authority is using in-house resources they should demonstrate that they are suitably skilled and experienced. For external advisors, the terms of appointment should be detailed (including requirements to share information, and arrangements for periodic review), and – if already appointed – their relevant sector-specific experience.
- (6.7) **Timetable.** A timetable should be prepared covering all stages from submission of the initial proposal to start of service provision, bearing in mind that the process has changed recently under the competitive dialogue procedure. In particular a realistic deadline should be proposed to reach contract financial close, with stages of the procurement process kept to a minimum consistent with achieving value for money. This should be consistent with the model procurement timetables in 4ps procurement packs. Authorities are advised to ensure that the timetable and affordability assumptions are consistent.
- (6.8) **Statutory processes.** The impact of statutory processes such as planning permission, public enquiry etc. on the project must have been considered. Processes should either be complete or an authority will need to indicate how any potential problems will be resolved in the procurement process. That should include any risk mitigation strategy, a consideration of the potential impact on the timetable, and a description of consultations possible at the stage reached. An authority should consult with the relevant sponsoring department and follow any additional guidance which may be available on what is expected on planning and site issues before a project goes to the market.
- (6.9) **Sharing of information.** The local authority must confirm that they will be ready to share experience and contract documentation throughout and at the end of procurement, at no cost, with other local authorities procuring similar projects, with government departments, their agents and with the 4ps. This information will be held as confidential, but any information of genuine commercial sensitivity (which is expected to be minimal) may be withheld. Authorities should make clear to potential contractors that this information-sharing requirement is a formal condition imposed by the Government as a condition of support.

- (6.10) **Operational phase.** The authority should show that it has a strategy to ensure a smooth transition from procurement to the operational phase of the project; and that sufficient resources will be available to allow for adequate monitoring of the operational contract. Authorities are advised to refer to the Operational Taskforce Note *Project Transitional Guidance*³.

³ www.hm-treasury.gov.uk/media/2/3/pfi_projecttransition_210307.pdf

Annex C – Examples of schemes

HRA PFI schemes

Ashford Borough Council – Stanhope Estate

The scheme involves the demolition of 410 properties and the refurbishment of a further 358. In addition to the refurbishment the PFI credits are funding considerable remodelling, demolition and rebuild. The contract also encompasses all management and maintenance functions. The regeneration also includes the provision of around 450 new houses that consist of a mixture of private ownership, shared ownership and social housing provided with Housing Corporation funding.

Date of contract signature: April 2007

Length of contract: 30 years

Level of PFI credits awarded: £40m

Contractor: Chrysalis (Gleeson Capital Solutions Ltd, Moat Housing and Nationwide Building Society)

London Borough of Lambeth – Myatts Field

The scheme covers properties on the Myatts Field North estate, built in the late 1970s. A number of properties will be refurbished while others will be demolished and re-provided. The construction work will be phased over the first five years of the contract. Re-modelling of the estate will be undertaken to address exposed rear gardens, poor circulation routes and the consequent lack of personal safety. In addition, to combat serious crime issues, the existing open space (Mostyn Gardens) will become a more conventional park, with new housing overlooking it from at least three sides. The scheme will also facilitate the new build of additional units for sale, to improve the economic diversity of the community. The scheme is currently at final tender stage.

Kirklees Metropolitan Borough Council – Excellent Homes for Life

The scheme will deliver around 550 new council-owned homes to replace 650 non-sustainable, non-decent homes which no longer meet the needs of tenants. The new homes will be developed on a number of sites across the borough and will be a mixture of general needs and extra care properties. They will be high quality, purpose built units catering for three key client groups – small households, individuals with physical disabilities and older people requiring extra care and support. The contract will also include the ongoing management, maintenance and lifecycle works for these properties over the length of the contract. The scheme is currently at the BAFO stage.

North Tyneside Council – Older People – Homes for the Future

Modernisation of existing 33 sheltered housing schemes through refurbishment and new build, plus a new extra care scheme to meet the decent homes standard and aspirations of a growing older population. The Council intends to refurbish 432 units and demolish 600 with the re-provision of 513. The scheme is about to enter the procurement phase.

Non-HRA PFI schemes

Cheshire County Council – Extra Care Housing Project

New build provision of 240 extra care, additional social rented homes to be built on five sites across Cheshire (at Crewe, Ellesmere Port, Handforth, Middlewich and Winsford).

The contractor will undertake the initial development and will also provide a range of hard and soft FM services together with a comprehensive housing management function over the contract term. The homes will be built within two years.

The scheme will also facilitate the new build development of 113 extra care units for outright sale and 80 extra care units for shared ownership.

Date of contract signature: October 2007

Length of contract: 30 years

Level of PFI credits awarded: £55m

Contractor: Avantage (Gleeson Capital Solutions Ltd, Manchester and District Housing Association and Nationwide Building Society)

Kent County Council – Better Homes Active Lives

Communities and Local Government is supporting Kent County Council with £72.5m in PFI credits for this scheme which will deliver 340 high quality supported housing units for older people (275 units), adults with a learning disability (58 units) and adults with mental health problems (seven units) on 12 sites across 10 districts in Kent. The County Council has entered into the contract on behalf of 10 District Councils and their Primary Care Trust partners.

Date of contract signature: Oct 2007

Length of contract: 30 years

Level of PFI credits awarded: £72.5m

Contractor: Kent Community Partnerships Limited. KCPL is a mutual and provident society set up by Housing 21 with funding from Barclays Bank.

West Wiltshire District Council – West Wiltshire Non-HRA PFI Scheme

Provision of at least 400 additional social rented units across the district. Sites for 200 units have been identified by the Council with the remaining units

to be built on land brought forward by the successful bidder. The homes will help to house the increasing numbers of homeless households, reducing the cost of temporary accommodation and replacing inadequate hostel accommodation. The scheme is currently in the procurement phase.

Woking Borough Council – Priority Homes – Putting Affordable Housing First

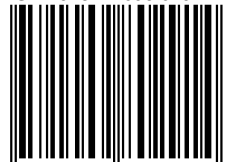
The scheme will deliver 190 affordable social rented homes (20 × 1-bed flats, 16 × 2-bed flats, 50 × 2-bed houses, 93 × 3-bed houses and 11 × 4-bed houses) on the Moor Lane site. The PFI contractor will be responsible for the building and ongoing management and maintenance of the properties over the 27 years of the PFI contract. The scheme will also facilitate the delivery of homes for shared ownership and outright sale on the site. Current estimates indicate that around 95 shared ownership units and 190 homes for private sale can also be provided, clustered throughout the site amongst the affordable social rented homes, to provide integrated mixed communities. The scheme is currently entering the procurement phase.

Derby City Council

Provision of 175 units of social rented housing using a combination of new build properties and the refurbishment of properties acquired by the contractor. The exact numbers of each are still to be determined but at OBC approval there were 95 new build and 80 refurbished properties. The new build properties will be on a mixture of land provided by the council and land acquired from developers through the section 106 process – both provided for the scheme at nil cost. The scheme is at the ITN stage.

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