



Leicester
City Council

**WARDS AFFECTED
ALL WARDS**

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
CABINET**

1 OCTOBER 2008

HOUSING PFI CREDITS 2008 - DELEGATED AUTHORITY

REPORT OF THE SERVICE DIRECTOR (OPTIONS, RENEWAL & DEVELOPMENT)

1. Purpose of Report

- 1.1 To seek delegated authority for the Corporate Director of Adults and Housing to submit an Expression of Interest for a scheme/s under the current housing PFI round in consultation with the Leader, and Cabinet Leads for Housing and Regeneration and Transport.
- 1.2 The proposed scheme/s will seek to meet some of Leicester's older persons' housing needs and help tackle overcrowding and other housing needs in the City.

2. Summary

- 2.1 The government announced a Private Finance Initiative (PFI) bidding round in July 2008. Expressions of Interest are invited for a national pot of up to 1.875bn and must be submitted before 31st October, 2008. The government has issued Bidding Guidance which states that they 'have in mind' projects with a capital value of £100m or more, which could be achieved by a bundle of smaller projects. Officers are identifying proposals that will help meet housing needs in the City. At this stage it is expected that the proposals will redevelop Housing Revenue Account land and housing which will not meet future needs, possibly over a number of locations.

The final scheme/s may be a combination of the following:

- a) Refurbishment of existing stock
- b) Redevelopment to provide sites for new general needs two and four bed properties
- c) Redevelopment to provide sites for new extra-care facilities, and potentially for other supported housing needs.

The proposed theme is to make best use of existing Council land and housing to meet the future needs of an ageing population, and the need for family housing.

Any land for the PFI scheme/s would need to be provided at nil cost, on a lease for 25 – 30 years.

3. Recommendation

That delegated authority is given to the Corporate Director of Adults and Housing to submit an Expression of Interest for a scheme/s under the current housing PFI round in consultation with the Leader, and Cabinet Leads for Housing and Regeneration and Transport.

4. Report

4.1 The Government announced a PFI bidding round in July 2008. Expressions of Interest are invited for a national pot of up to £1.875bn. The Government has ‘rolled together’ the expected 3-year programme of credits.

4.2 The Government Bidding Guidance states that they will prioritise projects that deliver a range of outputs contributing to regeneration and the creation of sustainable communities. In particular, the Government will 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 (e.g., addressing problems with sheltered housing)
- An increase in affordable rented housing, particularly where this addresses the needs of specific client groups, especially those excluded.

Officers are assessing a number of options for members to consider.

4.3 A consultation plan will form part of the Expression of Interest.

4.4 Consultants have been appointed to lead on the drafting of the Expression of Interest, with support from an internal team. The costs of £30k have been met from existing budgets.

4.5 The Guidance suggests that the procurement costs for an agreed PFI scheme will be a minimum of £0.75m, with complex schemes being higher. A full time project manager is required and the Expression of Interest should contain evidence on how this will be made available. Initial funding for developing the business case been included in the draft capital programme for 2009/10

4.6 The key milestones are:

Expressions of Interest – 31st October 2008
Response from CLG – February 2009

Submit outline Business Case – February 2009 onwards
Announcement of successful Business Cases – July 2010

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications (Rod Pearson)

This report seeks member approval for preparing an expression of interest in bidding to the government for Housing PFI money for projects with a capital value of probably £100m or more. The cost of employing a consultant to get to this stage is £30k. Money would need to be found from within existing budgets.

There are no further financial implications arising directly from this report. However there would be very substantial financial implications associated with any decision to proceed and these would need to be identified by the consultant. These would include the costs of submitting a bid, and then potentially the cost of securing a partner, the opportunity cost of providing land at no charge and the likely difference between the actual cost of the project and the amount of PFI funding provided. This funding is likely to be dependent on the willingness of the council to re-direct existing funding.

5.2 Legal Implications (Joanna Bunting)

This report is about a proposal to bid for PFI credits. Under the Council's constitution this is a matter reserved to Cabinet so Cabinet is asked to delegate the finalisation and submission of this bid as described in section 1.1 above.

Further reports will be necessary if the scheme proceeds. If PFI credit approval is given this will come with conditions precedent.

The Council has power to provide housing accommodation and improve it under section 9 of the Housing Act 1985.

6. Background Papers – Local Government Act 1972

Files held by Service Director.

7. Consultations

Internal consultations.
Meetings with CLG and 4P's programmed.

8. Report Author

Ann Branson
Service Director (Renewal, Options and Development)

Ext 29 6802

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)