



DERBY CITY COUNCIL

COMMUNITY REGENERATION COMMISSION 8 MARCH 2005

Report of the Director of Policy

Private Finance Initiative Housing Project

RECOMMENDATION

1. To note the report taken to Cabinet on 7 September 2004.

SUPPORTING INFORMATION

- 2.1 The Council is currently developing the Outline Business Case – OBC – for a non-Housing Revenue Account – HRA – Private Finance Initiative – PFI – Project, based on the attached Vision Statement. This follows approval by the Office of the Deputy Prime Minister – ODPM – of the Expression of Interest, submitted in December 2003.
- 2.2 As part of this process, a Project Board and Project Team have now been established to oversee and develop the Project. The membership of those groups is attached, as is the draft Project Plan and Timetable.
- 2.3 The Plan and Timetable is currently the subject of discussions between the Council's Project Team and the ODPM, but it is anticipated that those discussions will be completed by the time of the Commission's meeting.
- 2.4 The OBC will differ quite significantly from the original Expression of Interest, and the Project Manager will attend the meeting in order to highlight those differences, describe the emerging key features of the OBC, and answer any questions members of the Commission may have.

For more information contact: Mike Melliush PFI Programme Manager
01332 255533 mike.melliush@derby.gov.uk

Background papers: None

List of appendices: Appendix 1 – Implications
Appendix 2 – Vision Statement
Appendix 3 – Members of the Project Board and Team
Appendix 4 – Draft Project Plan and Timetable

IMPLICATIONS

Financial

1. The projected financial profile of the Project is currently being developed as a key part of the OBC which will be agreed by the Project Board/Council Cabinet before submission to the ODPM.

Legal

2. Subject to approval of the OBC by the ODPM, the Council in conjunction with the Preferred Bidder, will need to prepare a Project Agreement to underpin and regulate the development and implementation of the Project.

Personnel

3. None arising directly, although the Project will be developed and delivered by a Project Team drawn from various departments and sections of the Council, supported as necessary by external advice.

Equalities impact

4. The Vision Statement underpinning the Project opens with the following statement: 'Derby City Council is determined to increase the supply of additional affordable housing within the city in response to increasing levels of housing need'.

Corporate objectives and priorities for change

- 5.1 The Project falls within the Council's objectives of **strong and positive neighbourhoods, protecting and supporting people, and integrated cost effective services**.
- 5.2 The Project will further the priority of **improving customer service through a customer-focused culture, using new technology and investing in our buildings**.

Housing PFI – Vision Statement

Derby City Council is determined to increase the supply of additional affordable housing within the city in response to increasing levels of housing need.

Our Housing PFI scheme will deliver 100 new build affordable properties for rent and a further 50 acquired and rehabilitated properties also for rent.

The new build properties will be provided within those parts of the city that experience the highest levels of aspirational housing need and where, traditionally, there have been low levels of social housing provision. The refurbished properties will be acquired in pepper-potted locations throughout the city.

The sites for the new build housing will be provided through one of three means in order of priority:

- 1 land secured through S106 'planning gain' negotiations,
- 2 land brought forward by the partner Registered Social Landlord – RSL – or developer
- 3 land held by the Council

All the properties will be constructed or refurbished to at least the government's Decent Homes standard. The new build properties will be constructed to the Housing Corporation's Scheme Development Standards and will achieve a minimum 'SAP rating of 90'.

At least 10% of the new build properties will be constructed to full Lifetime Homes specification as defined by the Joseph Rowntree Foundation. All properties will be let at rent levels in accordance with the Housing Corporation's target rents.

All the properties will be delivered through a partner RSL or developer, selected through an OJEU tendering process.

It is envisaged that finalised contract negotiations with the preferred bidder and financial close will be achieved by December 2006.

**Derby City Council
Housing PFI Project Team**

Mike Melliush	PFI Programme Manager
Rachael Wright	PFI Programme Support Officer
Karen Cadman	PFI Admin Support
Mark Menzies	Assistant Director, Housing and Advice Services
Ian Fullagar	Housing Strategy and Performance Management
Graham Moody	External Adviser
Phil Helm	Group Accountant
Peter Morris	Group Accountant
Manisha Patel	Senior Accountant
David Enticott	Head of Technical Finance
Stuart Leslie	Chief Legal Officer
Jim Olford	Chief Valuer
Rosie Heath	Senior Planning Officer

Housing PFI Board Members

Paul Dransfield	Director of Finance
Sue Glithero	Director of Policy
Councillor Philip Hickson	Derby City Council Cabinet Member for Performance Management Economic Development and Housing
Mark Menzies	Assistant Director, Housing and Advice Services

The Project Manager reports to the Board.

	Task/Event	Target completion date - all dates are week commencing unless shown otherwise
		2005
1	Develop Outline Business Case, OBC – see sub-timetable	January – mid-April
2	Project Team meeting	15 March – actual date
3	Bidders Open Day	17 March
4	Project Board meeting	11 April
5	Submit draft OBC to Project Board	11 April
6	Finalise OBC	11 – 25 April
7	Project Team	12 April – actual date
8	Submit OBC to Cabinet, if necessary	26 April – actual date
9	Submit OBC to ODPM	27 – 29 April – actual dates
10	Prepare OJEU Notice, Pre-Qualification Questionnaire – PQQ, Invitation to Submit Outline Proposals – ISOP. Develop evaluation process and develop Invitation to Negotiate – ITN	May – mid-August
11	Project Team meeting	10 May – actual date
12	Council Cabinet	17 May - actual date
13	Project Team meeting	14 June - actual date
14	Council Cabinet	14 June - actual date
15	Council Cabinet	5 July - actual date
16	Project Team meeting	12 July - actual date
17	Council Cabinet	26 July - actual date
18	Project Team meeting	9 August - actual date
19	Approval of OBC by Project Review Group – PRG	16 August - actual date
20	Project Board meeting	22 August
21	Report PRG decision to Project Board/Cabinet and seek approval to publish OJEU Notice	22 August
22	Publication of OJEU Notice	22 August – closes 27 September
23	Issue PQQ and ISOP	29 August onwards
24	Finalise evaluation process	29 August
25	Evaluation of PQQs and ISOP	5 September – 7 October

	Task/Event	Target completion date - all dates are week commencing unless shown otherwise
26	Project Team meeting	6 September – actual date
27	Project Board meeting	3 October
28	Deadline for return of PQQ and ISOP	3 October
29	Seek Project Board/Cabinet approval to issue ITN	3 October
30	Issue ITN	10 October
31	Bidders Open Day	28 November
		2006
32	Deadline for receipts of bids	3 February - actual date
33	Evaluation of bids	6 February – 13 March
34	Project Board meeting	20 March
35	Submit proposed longlist, of 3, to the Project Board/Cabinet	20 March
36	Clarifications and negotiations with longlisted Bidders	27 March – 1 May
37	Project Board meeting	8 May
38	Submit proposed shortlist, of 2, to Project Board/Cabinet	8 May
39	Clarifications and negotiations with both shortlisted Bidders	15 May – 15 June
40	Project Board meeting	12 June
41	Submit recommendation on Preferred Bidder to Project Board/Cabinet	12 June
42	Report to Council Cabinet on recommendation on Preferred Bidder	June
43	Appointment of Preferred Bidder, PB	June
44	Negotiations and clarifications with PB	July – October
45	Commercial and Financial Close	November
		2007
46	Start of implementation	January