Health and Wellbeing Board 17 June 2015

EXECUTIVE SUMMARY OF AGENDA ITEM 5.

Report title: Financial Arrangements and Business Case for Phase 3 of Bristol City Council's Extra Care Housing Strategy
Wards affected: All
Strategic Director: John Readman, Strategic Director, People
Report Author: Tim Wye: Service Manager, Joint Commissioning

RECOMMENDATION for the Mayor's approval:

- To agree to forgo the capital receipt for the discounted land values of up to £3m in order to develop 122 units of social rent and shared ownership ECH units which the council will have 100% nomination rights to.

- To seek approval for up to £1.65m of borrowing for the additional contribution required to develop the Phase 3 sites. Also to note that this contribution is the remaining balance of the £5.5m capital allocation previously agreed by Cabinet for ECH projects in January 2012 (a total of £3.85m has already been applied to Phases 1 and 2 of ECH projects).

- Delegated authority is provided to the Strategic Director: People to provide funding for sites that become available as are necessary to implement phase 3 of the project. This will include the ability to provide funding in excess of £500k subject to the Mayor being informed of any such decision.

Key background / detail:

a. Purpose of report:

- To provide background of the project.
- To present the business case for Phase 3 of the Extra Care Housing (ECH) project.
- To agree the proposed approach to delivering financial contribution for sites in Phase 3.

b. Key details:

1. Extra Care Housing (ECH) is the term used for housing with high levels of care and support, predominantly for older people. Residents retain their own tenancies or ownership so their status is the same as people receiving domiciliary care in your own home. What is different is the provision of on-site, 24 hour, care and a range

of communal facilities (restaurant, activity rooms, etc.) and activities to promote independence and prevent social isolation.

2. In a typical scheme, between 50-60% of residents would otherwise be in residential care which is significantly more expensive. This is where the financial savings come from to offset the capital investment. The evidence (a formal evidence of review was carried out by Public Health) also indicates better outcomes and high levels of resident satisfaction compared to other types of care.

3. The ECH programme is a key component to how we support frail and older people into the future. It is a vital part of building capacity for long term care as well as providing a real opportunity to improve outcomes across health and social care. It will therefore increasingly be an important element of joint working between the Council and health partners, both in terms of innovation and also ensuring that we adequately plan for supporting services such as community nursing and GPs. It is for this reason and the fact that ECH is a key theme of Better Care Bristol, that this report in being presented to the Health and Wellbeing Board rather than Cabinet.

4. The report presents the case for the roll out of Phase 3 of the Council's ECH Strategy. Phase 3 is to deliver the residual of the 220 affordable ECH units set out in the original ECH strategy and agreed by Cabinet in 2012. Phase 3 delivers 120 units. 100 other units are being delivered through Phase 1 (Coldharbour Lane) and Phase 2 (New Fosseway).

5. The report states how ECH represents significant revenue savings which more than offset capital investment. The business case estimates that each flat saves approx. £7.1K per annum. This is based on the fact that circa 60% of ECH residents would otherwise be in residential care and that ECH is about a third cheaper than residential alternatives.

6. In order to develop ECH, experience locally and nationally shows that some financial contribution is necessary to make schemes work. The main reason is that ECH requires a high level of communal facilities (shop, restaurant, etc.) to create the required cohesive community. This is space that would otherwise be used for flats which could be sold for a capital receipt. In addition, build standards for "lifelong buildings" tend to be higher (eg space requirements to accommodate wheelchair users).

7. The business case is very similar to the one provided for Cabinet in November 2014 which supported the development of Phase 2 (New Fosseway). Key differences are that this report covers smaller sites with no residential care facilities (New Fosseway included a dementia care home). Some of the figures on required financial contribution have therefore been revised.

AGENDA ITEM 5.

BRISTOL CITY COUNCIL

Health and Wellbeing Board 17 June 2015

REPORT TITLE:	**Financial Arrangements and Business Case for Phase 3 of Bristol City Council's Extra Care Housing Strategy**
Ward(s) affected by this report:	All
Strategic Director:	**John Readman - Strategic Director, People Directorate**
Report author:	**Tim Wye - Service Manager, Adult Commissioning**
Contact telephone no. & e-mail address:	**0117 932 1559** **tim.wye@bristol.gov.uk**

Due to the fact that the council is currently in an active procurement phase for Extra Care Housing (ECH), appendix 1 to this document (business case) is not for publication as it contains exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Local Government Act as amended by the Local Government (Access to Information) (Variation) Order 2006.

Purpose of the report:

- To provide background of the project
- To present the business case for Phase 3 of the Extra Care Housing (ECH) project
- To agree the proposed approach to delivering financial contribution for sites in Phase 3

RECOMMENDATION for the Mayor's approval:

- To agree to forgo the capital receipt for the discounted land values of up to £3m in order to develop 122 units of social rent and shared ownership ECH units which the council will have 100% nomination rights to.
- To seek approval for up to £1.65m of borrowing for the additional contribution required to develop the Phase 3 sites. Also to note that this contribution is the remaining balance of the £5.5m capital allocation previously agreed by Cabinet for ECH projects in January 2012 (a total of £3.85m has already been applied to Phases 1 and 2 of ECH projects).
- Delegated authority is provided to the Strategic Director: People to provide funding for sites that become available as are necessary to implement phase 3 of the project. This will include the ability to provide funding in excess of £500k subject to the Mayor being informed of any such decision.

The proposal:

1 Introduction: What is Extra Care Housing?

1.1 Extra Care Housing (ECH) is the term used for housing with high levels of care and support, predominantly for older people, where residents retain their own tenancies or ownership. Effectively this is no different to living in general housing. What is different is the provision of on-site care and a range of communal facilities (restaurant, hairdresser, etc.) and activities to promote independence and prevent social isolation. In a typical scheme, between 30-60% of ECH residents would otherwise be in residential care. The evidence (formal evidence of reviews carried out by Public Health is attached as appendices to this report) indicates better outcomes for residents and at less cost, including high levels of resident satisfaction compared to placements in residential care.

1.2 ECH also has other benefits. Evidence suggests that ECH can improve both physical and mental health outcomes by supporting independence and reducing isolation. ECH schemes can also help to create vibrant, intergenerational communities as well as introducing high quality build and design. These schemes can also help to sustain communities by creating a flow in the housing market whereby older people can downsize into more appropriate housing, freeing up larger houses.

1.3 Bristol has been at the forefront of developing ECH. The council has already developed 11 schemes comprising over 600 ECH flats across the city with a range of partners. Over the past ten years these schemes have provided high levels of support and a real alternative to residential care. They are a highly valued resource by our social work teams, enabling both a real alternative to residential care as well as providing security and support to those not quite managing in their own homes.

1.4 ECH continues to develop and adapt to provide innovative services. A good recent example of this is a pilot scheme commissioned by Bristol Clinical Commissioning Group (CCG) to provide Community Matrons into three ECH schemes. This is proving popular with both staff and residents in the schemes and provides a real opportunity to enhance the ECH offer.

1.5 The ECH programme is a key component of how we support frail and older people into the future. It is a vital part of building capacity for long term care as well as providing a real opportunity to improve outcomes across health and social care. It is increasingly an important element of joint working between the council and health partners both in terms of innovation (as exemplified by the nurse pilot) and also ensuring that we adequately plan for supporting services such as community nursing and GPs. It is for this reason that this report in being presented to the Health and Wellbeing Board rather than Cabinet.

2 Why is the Council developing ECH?

2.1 The city council is developing ECH schemes because ECH has a proven track record, both in Bristol and internationally that they work. What is proposed in this paper is a continuation of the development of the ECH market as a model of alternative service delivery. There is also a growing evidence base for ECH (A Public Health review of evidence is available on request) and

the council has developed a clear business case (available on request to members of Health and Wellbeing Board. Due to the fact that the council is currently in an active procurement phase for Extra Care Housing (ECH), this document (business case) is not for publication as it contains exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Local Government Act as amended by the Local Government (Access to Information) (Variation) Order 2006.)

2.2 Nationally and locally, social care is currently facing unprecedented growing demand and escalating costs and this trend is expected to continue into the next 3 to 5 years if the council stands still and does nothing different. Therefore these proposals are one of the alternative models that will contribute to mitigating against additional financial budgetary provision to deliver services in traditional ways to meet future demand.

2.3 ECH in particular helps in two areas:

2.31 The first is in providing additional capacity in residential care which is both increasingly scarce and, as a result, increasingly expensive. Evidence suggests that ECH is a viable alternative to residential care (i.e. some projects reporting 67% of people in ECH would otherwise be in residential care). Developing ECH will make a material difference in the capacity of the market. As a result the council cannot wait for the private ECH market to develop. Furthermore, due to relatively low profit margins in care market and the capital involved in developing ECH, the private market is not growing as fast as expected (see housing Link report below).

http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Viewpoints/HLIN_Viewpoint61_PrivateMarket.pdf

Therefore, there is simply no other credible option to meet the growing capacity issue in the long term care market without a degree of market stimulation.

2.3.2 Secondly, ECH can significantly address the costs of social care. A care package in ECH is about a third cheaper than residential care packages, (mainly because residents pay their own rent, food etc.). Therefore, the costs can be reduced by almost £7.1k per flat per year as reported in recent case studies as well as the council's experience of ECH service provision to date. These reduced costs are based on the alternative costs of placing people in traditional residential care homes. The ECH therefore enables the council to care for people in domiciliary settings instead of residential placements. The domiciliary care costs are further reduced as people have the range of communal facilities (restaurants, activities room, etc.) and activities to promote their independence and prevent them from social isolation.

2.4 A third way that ECH can mitigate the challenges facing social care is in the support for residents for whom ECH is not an alternative to residential care. For ECH to work as a mixed community, it is important that not all residents are high needs. Evidence indicates better outcomes for these residents by improving their quality of life, their outcomes and delaying the need for higher care packages. These are tangible benefits in their own right and also carry

real financial benefits in terms of maintaining independence and stopping people from progressing to needing complex interventions.

2.5 Evidence also suggests better outcomes for health services in terms of reductions in admissions and calls on primary and community health care compared to other forms of care (residential or domiciliary). These have not been reported in savings figures. Although some data on savings exists at this stage they are not possible to quantify with confidence in cash terms. ECH is a key theme of the Better Care Bristol programme for this reason.

2.6 ECH has other significant benefits not related to care. ECH is part of the solution to creating a flowing housing market. It allows people to vacate large family housing both in private and affordable housing.

3 Delivering our ECH Vision

3.1 The council has a strategic aim as set out in Cabinet report of January 2012 and re-emphasised in the Cabinet report of July 2012 and also in more detail in the Cabinet report of 4th October 2012. This aim is to significantly develop ECH from the council's current base of 600 units over the three phases. Furthermore, the aim was to develop 222 units of affordable rented/shared ownership ECH, to which the council would have nomination rights, plus a further 764 units in future for private purchase (a market which has not yet developed that quickly in Bristol). As a result of the above, in January 2012, Cabinet set out initial capital funding for ECH programme of £5.5 million, whilst recognising that this may not be sufficient for the full programme.

3.2 The delivery of future ECH is in three Phases:

- Phase 1 is Coldharbour Lane (a joint project with South Gloucestershire Council, and located in South Gloucestershire). Capital was allocated to Coldharbour Lane delivering 40 units of affordable rented housing to which Bristol would have nomination rights. South Gloucestershire Council will have a further 40 flats and there will be a further circa 200 flats for private sale. In addition, this will be part of a wider housing development and as such represents a significant development on the fringes of Bristol. This project is now at Planning Permission stage.

- Phase 2 is New Fosseway. This development, currently under procurement, will be a development of circa 220 units of which 60 units will be for social rent and shared ownership and the remainder will be for private sale. It will also include a 60 bed dementia care home so will be able to deliver a complete retirement village with the ability to deliver to a very wide range of changing need. There are also some exciting opportunities in the area for making this a real community asset (not least some early discussions around intergenerational work with Oasis Academy John Williams which is adjacent to the site).

- Phase 3 (to which this paper refers) is developing future ECH units by encouraging the market to come forward with their own sites or looking to dispose of council sites at a discounted rate as and when they become available. Depending on scheme sizes this

will deliver all and/or most of the final 122 units of social rent ECH in addition to units provided by Phases 1 and 2 (i.e. 40 plus 60 units respectively), as well as potentially delivering additional private sale units. The project team is in the early stages but are actively pursuing several different sites at various locations and these are also at various degrees of development. Three potential sites are currently owned by the council and one is a private development opportunity.

4 Financial Contribution to ECH Phase 3

4.1 Moving forwards, these schemes will require a level of financial contribution to partners (either through direct subsidy or discounted land). All examples of ECH nationally and locally require some level of financial contribution to secure nomination rights to units at affordable rent. This is in addition to planning considerations under Section 106 which delivers elements of affordable housing within the general needs housing. It should be remembered that much affordable housing requires financial contribution of some kind. The housing delivery team has estimated that ECH requires about £20k more per unit than general needs affordable housing. The reasons why ECH requires additional financial contribution to that in general needs housing are twofold:

- Firstly, ECH requires a high level of communal facilities (shop, restaurant, etc.) to create the required cohesive community. This is space that would otherwise be used for flats which could be sold for more capital receipt. In addition, build standards for "lifelong buildings" tend to be higher (e.g. space requirements to accommodate wheelchair users).

- Secondly, the council is aware from current experience of ECH procurement that ECH is not simply a build and sell arrangement. Operators have a longer term investment in the schemes and will also be providing the care and support services over a considerable period. In many cases capital is recovered by provider partners through operating costs of care as well from rents and sales as many of these providers have limited ability to secure capital funding. Therefore, an upfront capital contribution by the council ensures that the council mitigates its future financial pressure by achieving continuous lower revenue costs through domiciliary care service against the high costs of residential care. As part of Phase 3 ECH scheme the council will therefore be evaluating bidders on the basis of the level of capital contribution they require from the council *and* the revenue costs of delivery the schemes.

4.2 By considering Capital and Revenue together, any capital financial contribution should be regarded as an investment to save over many years. To back this up, there is a simple affordability formula to work out the cost reduction of services which offsets any capital investment. ECH requires additional financial contributions due to the reasons stated above.

4.4 Three important points need to be emphasised:

Financial contribution of £1.65m and discounted land value of £3m, as outlined in the recommendations of this report should be seen as an investment to save on the future potential costs and demand pressures. As set out in the business case, likely payback

periods using Net Present Value, are between 8 years (NB this will not be a tangible cashable savings due to predicted budget pressures arising from future years demand and demographic changes).

The level of subsidy is difficult to predict and depends on several factors such as the site value and whether providers / partners are able to secure additional capital for the project. This could come as a charitable donation or from a successful capital bid to the Homes and Communities Agency (HCA) which announced their latest funding round for supported housing (known as CASSH 2) in March 2015. This unpredictability is why an envelope of agreed funding is required in order to proceed with Phase 3 ECH project.

The level of total capital of £4.65m (ie £1.65m financial contribution and £3m discounted land value) to deliver the 122 units requested in this report is based on the best case scenario in the Business Case. The likely scenario quoted a figure of financial contribution of £70k per unit (ie £70k x122 units equating to £8.54m). This was prudently based on a shadow business case, developed for the council by industry specialists. However, it did not take into account the potential availability of funding from the HCA that had not been announced. The amount hereby requested is based on circa £40k per flat. With the additional discounted land, this falls within the original £5.5m allocation to the whole ECH project. The figure has also been revised following the council's experience of Phase 2 - New Fosseway project. This suggests that these initial assumptions on financial contribution may have been over estimated but it should however be noted that Phase 2 is a very different project.

4.5 Where a potential site has an expected capital receipt that is attributed elsewhere (e.g. Bristol Workplace) any discounted land value will need to be resourced from the capital contribution of £1.65m or from additional capital allocation. The £3m discounted land value may therefore require a further capital allocation.

1 The table below summarises in detail what is sought from Health and Wellbeing Board in respect of Phase 3 ECH scheme.

	Estimated profile of capital spend and cost reductions by year £m				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20 and onwards**
Capital spend					
Borrowing		£1.650m			
Revenue Contribution					
Estimated Capital receipts foregone		£3.000m			
Estimated cost reductions (as result of alternative models)					(£0.866m)
The current Project Plan shows a completion date of March 2018 from when cost reductions may start to accrue.					

Consultation and scrutiny input:

a. Internal consultation:

No Change from Cabinet report of October 2013

b. External consultation:

In addition to consultation set out in the Cabinet report of October 2013, Extra Care Housing and our strategic ambitions are key themes of the Better Care Fund Programme and has therefore been consulted as part of that process.

Other options considered:

The Cabinet report of October 2013 set out other options considered. These have been revisited in light of additional scheme contribution requested as a way of potentially reducing the scheme contribution required. The alternatives remain rejected as they depend on the availability of larger sites that may include higher levels of private sale to offset capital costs. Whilst this is possible on a small scale, large sites (ie New Fosseway) are not available at this moment.

Risk management / assessment:

This Risk Management table below refers to the revised scheme contribution proposal only. For other project risks please refer to original cabinet report:

FIGURE 1

The risks associated with the implementation of the *(subject) decision* :

No.	RISK	INHERENT RISK		RISK CONTROL MEASURES	CURRENT RISK		RISK OWNER
	Threat to achievement of the key objectives of the report	(Before controls)		Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation).	(After controls)		
		Impact	Probability		Impact	Probability	
1	The cost savings are reduced in this revised proposal and there is a risk that the project will not release savings net of the opportunity costs of the forgone capital receipt and borrowing costs on scheme contribution	High	Med	Ensure robust case finding and entry requirements to ECH to ensure that only service users who are likely to otherwise be placed at some point in foreseeable future in residential care are placed in New Fosseway	High	Low	1) Care Management 2) Project Team
2	All current sites in phase 3 are subject to various discussions including their release within Bristol Workplace, restrictive covenants etc. They could become unavailable	High	Med	Ensure several different sites are being explored to give fall back positions	High	Low	Project Team
3	There is a small risk that the provider fails and any capital investment from the council is in effect lost	High	Med	Ensure trusted providers from existing frameworks and ensure protection/ step in rights in drafting the lease	Med	Low	People Commissioning
4	The subsidy required could be higher than anticipated in report	Med	Low	Ongoing market analysis. Possibility to returning for key decision if cost savings still positive	Low	Low	People Commissioning

FIGURE 2

The risks associated with <u>not</u> implementing the decision:

No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
	There is not sufficient scheme contribution to make schemes financially viable for bidders.	High	High	Significantly changing the Project specification to one of predominantly private build which would reduce the social rent elements of the ECH	High	Med	Nick Hooper
1	Benefits of HSC Transformation Programme, to reduce the reliance on residential care by stimulating alternative market capacity, will not be realised. This will mean reduced savings and poorer outcomes for service users.	High	High	Care management would need to place more people in private residential care. The capacity in this market is already stretched and would require, for example higher rates of out of area placement However, this would result in increased costs and less choice and independence for service users, and would not fit with the future models proposed for the delivery of care and support.	High	Med	Nick Hooper
2	If there is no additional ECH capacity put in to the market there will be an increase in the number on waiting lists.	Med	High	Ensure that vacancies and the waiting lists are being managed effectively.	Med	High	Nick Hooper
4	Care and support budgets would increase in order to fund the increased need for more expensive residential care and support provision.	High	High	Review budgets to provide additional funding to deliver increased cost of delivering care and support.	High	High	People DLT
5	If new, attractive ECH is not developed, older people will not be encouraged to downsize and release larger properties in the city.	Med	Med	Previous ECH schemes and the Cold Harbour Lane development with South Gloucestershire offer some provision for older people looking to downsize, but there is an identified lack of capacity.	Med	Med	Housing

Public sector equality duties:

No change from Cabinet report of October 2013 where comment was provided by Anne James, Equalities officer and states:

"Original work on the Equalities Impact Assessment was informed by the Equalities Impact Assessment for the HSC Transformation Programme of which this project is part. There is no perceived negative effect on equalities communities. Developing the range of ECH across the City presents an opportunity to review and improve the experience of equalities groups in accessing and using services and there is potential for a major positive impact over the life of the entire ECH programme."

Eco impact assessment:

No change from Cabinet report of October 2013. Environmental Impact will need to be considered in relation to each specific site according to hat recommendation which stated:

- Short-term there will be an increase in the consumption of fossil fuels and raw materials and production of waste during the construction phase;
- A potential decrease in vulnerability of elderly people in Bristol to the effects of climate change if living in ECH;
- A potentially improved appearance to the city with new ECH 'state of the art' designed complexes;

- ECH will have the flexibility to meet the changing care service needs of residents, providing them with a home for life and reducing the need for further house moves. The proposals include the following measures to mitigate the impacts;
    - Meeting planning policy guidance BCS13-16 as laid down in Bristol City Council's Core Strategy 2011. In order to demonstrate compliance with the core strategy Sustainability Statements, which will include an Energy and SUDS strategy, will be submitted with planning applications;
    - In order to comply with BCS14 any new development will incorporate on-site renewable energy sources in order to achieve a 20% reduction in CO2 emissions arising from residual energy demand, going beyond this if the viability of the project allows. Any new development will show that the heat hierarchy, as outlined in BSC14, has been followed;
    - All ECH projects should comply with the 'Bristol City Council Sustainability Requirements and Guidance for New Build and Refurbished Facilities for Adult Social Care' document that was finalised in June 2013. This document sets out the essential and desirable standards in terms of best environmental/sustainability practice, giving the key areas of advice in these categories:

        1. National context/requirements
        2. Bristol requirements
        3. Eco-Impact Assessment scheme
        4. Renewable and low carbon energy
        5. Sustainability specification

In addition:

All ECH commissioning arrangements should include environmental factors within the contract specification, tender assessment and on-going contract management.

All ECH commissioning arrangements should include provision for climate related impacts to include business continuity, flood and resilient design of buildings and emergency preparedness and procedures to protect vulnerable people from extreme hot and cold spells.

The net effects of the proposals are:

- It is hoped that the short term negative effects associated with delivering new ECH facilities will be outweighed by the long term positive effects of providing energy efficient facilities for vulnerable residents to live in.
- Ensuring that mitigation measures for environmental and climate related impacts are included in the commissioning process and on-going contract management should also mitigate the impacts.

Advice given by Clare Cranner-Buckley
Date 1 April 2015

Resource and legal implications:

Finance

a. Financial revenue implications:

Given the lead-in time for the delivery of the scheme, it is anticipated that revenue implications will arise in 2018/19.

The ECH element of the scheme has been estimated to produce potential future cost reductions in the region of £866k per annum which will mitigate the unprecedented current and future growing demand and escalating costs in the Care and Adults Support service provision based on the assumptions set out in the report. It is expected that the significant cost reductions will substantially outweigh and cover the debt servicing costs (including opportunity cost from any capital receipt foregone) arising from the proposal contained within this report. This assumes that this Phase 3 scheme delivers 100% places nominated by BCC.

As set out above, the estimated cost reductions that ECH can achieve is entirely dependent upon a significant proportion (i.e. 64% minimum) of the ECH population being made up of people who would otherwise have remained in or entered residential care. If nominations are not utilised in this way and to this extent, then this estimated cost reduction may not be realised within Care and Adults Support provision.

Given the time horizons of the scheme, the assumptions in this report need to be reviewed periodically to monitor the revenue implications and underlying assumptions. Through attributing an opportunity cost to the capital receipt foregone, the estimated land value has been taken into account in the financial implications of the decision.

Finally, the report also indicates that the development may generate wider financial savings, particularly for Health partners; this should be explored further with a view to widening the investment base for such developments.

Advice given by: Christie Fasunloye, Finance Business Partner (People)
Date 21/04/15

b. Financial capital implications:

The estimated total request for ECH Phase 3 scheme of £4.65m comprising of financial contribution of £1.65m and discounted land value of £3m, as outlined above, should be seen as an invest to save on the future potential costs and demand pressures. The estimated profile of capital spend is provided at Table 1 above and spends are all expected to fall within 2017/18 (after current MTFP). However, the levels of subsidy in terms of financial contributions provided by the council will depend on several factors such as the site value and whether partners/providers are able to secure additional capital for this project. Therefore, the total debt servicing costs will arise from the following two elements:

1. The cost of the actual capital contribution of £1.65m;

2. The fact that some land value on potential sites is already attributed as an anticipated receipt to Bristol Workplace programme (BWP), and this may need to be replaced by an actual capital contribution.

Both of these will need to be serviced through the revenue budgets of the People Directorate. For point 1 above, this has been estimated at £111.3k for £1.65m at a prudential borrowing rate of 4.5% over 25 years). The BWP capital replacement at point 2 above, is currently estimated (on the potential sites) being explored at £600k which will amount to an estimated cost of £44.46k per annum over 25 years.

c. Legal implications:

State Aid

The risk of the proposed arrangements constituting state aid will be low, provided that the Provider delivers social housing services and/or social services to the value of any land and/or funding be provided by the council. In order to ensure this requirement is met, the open market value of the land must be ascertained, taking into account any restrictions to be placed on the land. Further the services to be provided must be valued on the basis of an analysis of the costs which a typical undertaking, if well run and adequately equipped would have incurred providing the services.

Procurement

When procuring goods, works and services the council must comply with the Public Contracts Regulations 2015. The Regulations set out different procedures that can be used for the award of contracts

By following an EU compliant procedure the council will minimise the risk of any procurement challenge.

Advice given by Kate Fryer, Solicitor
Date 1 April 2015

d. Land / property implications:

Bristol City Council is required to obtain the best price reasonably obtainable for land disposals by virtue of Section 123 of the Local Government Act 1972.

The General Disposal Consent (England) 2003 provides a general consent removing the requirement for Local Authorities to seek specific approval from the Secretary of State for a wide range of disposals at less than best consideration. Authorities are granted consent in circumstances where the undervalue does not exceed £2 million and where the disposing authority considers the disposal is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of the whole or any part of its area or all or any persons resident or present in its area. The undervalue is the difference between the unrestricted value to be disposed of and the consideration accepted.

If there is a disposal at less than market value it is for the Cabinet to decide if by selling the land at less than market value that this will contribute to the social or economic well-being of the community.

Until tenders have been submitted and analysed it is not known at this stage whether the land disposal

would exceed the undervalue limit of £2 million. Both the consideration and any overage provision in the submission would need to be quantified to determine whether Secretary of States' consent would be required.

Where land is owned by Bristol City Council and the land is held as surplus, if the property is required by another service for service delivery then there will be a requirement for that service to pay market value for the site.

Advice given by Chris Woods, Property Officer
Date 14 April 2015

e. Human resources implications:
No Change from Cabinet report of October 2013 which stated that " Although there is no foreseeable direct impact on our employees at this stage, if at any stage this was the case then all appropriate policies and procedures would be followed"

Related Documents (Available from tim.wye@bristol.gov.uk)
Full Business Case for ECH Phase 3 (Exempt)

Public Health Evidence Base for ECH

2012 Cabinet Report detailing original ECH strategy