

CABINET

5 July 2004

PRIMARY CARE FACILITIES (EAST HANTS LIFT)

REPORT OF DIRECTOR OF COMMUNITY SERVICES AND CITY SECRETARY AND SOLICITOR

Contact Officer: Steve Tilbury/Howard Bone Tel No: 01962 848292/848252

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

The purpose of the report is to explain the background to the LIFT Project (Local Improvement Finance Trust) and the current position, and to obtain delegated authority to enter into agreements on financial aspects of the LIFT project by negotiating and finalising documents, and completing the transaction.

Due to the requirements of the financial institutions involved in the LIFT project this report is set out in a format based on LIFT standard documentation which has been agreed by all participating authorities. In particular the recommendation takes a more detailed and prescriptive form than normal.

The Project has been established by the Primary Care Trusts to provide future health facilities. It is a public private partnership financing arrangement and has been tendered in accordance with EU tendering requirements. The local authorities in the relevant PCT areas – East Hampshire, Havant, Winchester, Fareham and Gosport – have all been asked to enter into the arrangement. This is in case any joint projects evolve during the life of the contract eg to provide community facilities in conjunction with health centres. The framework arrangement would then allow for this to be done without the need to re-tender. There would be no obligation under the arrangement for the Councils to join in such projects – and this would be a matter for decision at the time.

RECOMMENDATIONS:

That

- 1 The terms of the transactions contemplated by the Transaction Document are approved in accordance with the Council's Constitution and the Additional Documents and any ancillary or related documents to which the Council is expressed to be a party are resolved to be approved under section 4 in accordance with the Council's Constitution and that all such documents (with such amendments as may be made and agreed and approved by the action of execution in accordance with these resolutions) and all such ancillary or related documents be executed, delivered and performed on behalf of the Council;
- 2 Authority be given to any one or more of the following officers
 - Stephen Whetnall, City Secretary and Solicitor
 - Howard Bone, Assistant City Secretary (Legal)
 - Steve Tilbury, Director of Community Services
 - Simon Eden, Chief Executiveto approve sign and/or dispatch and/or deliver the Transaction Document, the Additional Documents, all other documents and/or notices to be approved, signed and/or dispatched or delivered by the Council under/or in connection with the documents listed above and, by the act of so doing, to agree and approve any amendments made to such document; and
- 3 The City Secretary and Solicitor be authorised to certify the names and signatures of the authorised signatories set out in paragraph 2 above;
- 4 The Chairman be authorised to sign the minutes as a correct record of this meeting in advance of the next Cabinet meeting on 27 July 2004.

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DETAIL:

1 Introduction

- 1.1 LIFT (Local Improvement Finance Trust) is a new initiative launched by the Government in 2000. It is a new type of public private partnership designed to inject capital finance to provide new (or upgraded) primary health and social care facilities such as GP surgeries and health clinics.
- 1.2 Under the LIFT arrangements primary care trusts (bodies responsible for delivering primary care at a local level) select a long term private sector partner through a formal bidding process under European Community procedures. Once selected the private partner provides the capital finance to develop new primary care centres.
- 1.3 There are now 42 LIFT projects in England. The first six pilots, in 2000/01 proved so successful, that the government went on to announce a second and third wave of Lift Contracts. The Government has invested £195M of pump priming funds in LIFT to help deliver NHS Plan targets of 500 new primary care one-stop shops and 3,000 GP premises upgraded or replaced. LIFTs are targeted generally at areas of deprivation in need of regeneration. The East Hampshire, Fareham and Gosport LIFT was one of the third wave projects.

2 EAST HAMPSHIRE, FAREHAM AND GOSPORT LIFT

- 2.1 The East Hampshire, Fareham and Gosport LIFT was one of the third wave schemes approved by the Government. Since the focus is on improving health in (and the regeneration of) deprived areas the local LIFT qualified mainly because of the areas of Leigh Park in Havant and Rowner in Gosport being included.
- 2.2 The LIFT model has been developed to inject private finance to provide the capital (which is limited in the NHS) to fund new buildings and the refurbishment of existing primary care and other facilities. The focus is on the provision of health, social care and other benefits to the community. This can include health centres, clinics, GP practices, community hospitals, social services provision, housing, leisure facilities and some education schemes.
- 2.3 A Strategic Service Development Plan was produced in December 2002. The Council was party to this document, indicating its initial support for the local LIFT project. Work then started on selecting a preferred partner. This partner was selected in November 2003 and is Community Solutions for Primary Care. The legal documentation should be signed and financial close achieved by June 2004. The public private partnership (LIFTCo) will thus be formally established. Work will then start in July 2004 on new developments.

- 2.4 The first new developments will include Oak Park hospital in Havant which will also include a children's services and a speech and language centre. This will cost £51.8M. There will also be a new primary care centre in Cowplain costing £4.1M which will relocate 3 existing GP surgeries and some PCT services in one place. There are benefits to the residents of East Hampshire and this has already been subject to presentations to both South and Central Area Committees. It was reported that East Hampshire Primary Care Trust are proposing to build a Children's Centre as part of the Oak Park development. The Children's centre would be a specialist unit catering for children with developmental difficulties, from babies to young people up to the age of 18.
- 2.5 Future projects could include involvement in the provision of primary care services at the Waterlooville Major Development area. An emerging scheme is also for a doctor's surgery in Liss.
- 2.6 The use of the LIFTCo model is fairly wide ranging and can even provide office accommodation if there is some community provision included.

3 HOW DOES THE LIFT WORK?

- 3.1 The LIFTCo raises the capital for projects through the normal money markets. The NHS pay a rent (set in advance) over a period of 25 years that in effect meets the capital repayment of the loan plus a small profit. The LIFTCo owns the premises and the NHS is merely a tenant. The LIFTCo is responsible for the future repairs and maintenance of the buildings, not the NHS. After 25 years the NHS would have the option to renew the lease or find alternative premises.
- 3.2 The LIFTCo members are as follows:
- Community Solutions for Primary Care Ltd (60% share) who was the selected preferred provider;
 - Partnership for Health (20% share), the Department of Health agency;
 - East Hampshire PCT (10% share);
 - Fareham and Gosport PCT (10% share);
- 3.3 The new partnership will be called Solent Community Solutions Ltd. The members will be shareholders and the private partner will provide the capital finance.
- 3.4 As well as the LIFTCo there is a Strategic Partnering Board (SPB) which is responsible for monitoring the performance of LIFTCo and for producing the annual Strategic Service Development Plan. Formal membership of the SPB is achieved by signing the Strategic Partnering Agreement. This sets out the framework for all the agencies working together over a 25 year period. The formal members of the partnering board are as follows:
- Primary Care Trusts (East Hampshire and Fareham & Gosport)
 - Hampshire Partnerships NHS Trust
 - Hampshire County Council
 - District Councils – East Hampshire, Winchester, Fareham, Gosport and Havant
 - Voluntary Sector

- 3.5 Other organisations such as Portsmouth Hospitals NHS Trust and the voluntary sector will be invited to join but they will not have voting rights. Members of the Strategic Partnering Board are in effect stakeholders not shareholders.
- 3.6 As a local authority the City Council has the option of participating in LIFT at "level 2 involvement" which means that its representative will sit on the Strategic Partnering Board and have voting rights but the Council will have no financial involvement unless it chooses to use LIFT as the vehicle for delivering capital projects. Through membership of the Strategic Partnering Board the City Council can help determine future strategy.
- 3.7 The financial aspects of the contractual arrangements are scheduled to be completed by 15 July 2004. There will be a formal structure including the appointment of an independent chair to both the LIFTCo and the Strategic Partnering Board. These posts would be advertised and include a small remuneration as they will be part time only. The costs of the LIFTCo Chair will be borne by LIFTCo. The costs of the SPB Chair would be shared amongst the partners and it is anticipated that the costs would be no more than £2,000 per annum per partner.

4 STRATEGIC PARTNERING AGREEMENT

- 4.1 The Council's representative on the LIFT Project Board (Director of Community Services) has participated in the decision to select the preferred partner for the HM Government NHS LIFT scheme to establish a long term partnership with the East Hampshire Primary Care Trust, Fareham & Gosport Primary Care Trust, East Hants District Council, Hampshire County Council, Fareham Borough Council, Gosport Borough Council, Havant Borough Council (together "the Other Participants"), and a joint venture company formed for the Project ("LIFTCo") by Community Solutions for Primary Care Limited.
- 4.2 LIFTCo may provide and/or procure partnering services and new and improved facilities and accommodation to the Council and/or the Other Participants if, and to the extent requested by the Council and the Other Participants and others involved in providing health and social care in the area within the County of Hampshire, the Districts of Winchester and East Hampshire, and the Boroughs of, Fareham, Gosport and Havant ("the Project").
- 4.3 The Strategic Partnering Agreement (referred to henceforth as the "Transaction Document") sets out the contractual relationship between the participating authorities and LIFTCo. The Transaction Document provides a framework within which LIFTCo would provide partnering services to the Council should it be requested to do so. The Council should note that entering into the Transaction Document does not oblige the Council to employ LIFTCo to provide any partnering services. Should the Council at any future time require LIFTCo to provide any partnering services, such a decision would be subject to the normal procurement requirements of the Council and to the Council entering into further agreement.
- 4.4 The latest version of the Transaction Document has been reviewed and agreed by officers who are recommending that the Council can now approve it in its current form. However negotiations will continue through to the financial elements being agreed on the final wording of the Transaction Document and delegated authority is required to enable officers to agree changes.

- 4.5 Cabinet should note the position in relation to other agreements, deeds, notices, forms, letters or other documents (“the Additional Documents”) which might require signature on behalf of the Council in order for the Project to reach completion but which have not yet been drafted.

5 POWERS TO ENTER INTO THE PROJECT AND TRANSACTION DOCUMENTS

- 5.1 The Council has general powers specified in Section 2 of the Local Government Act 2000 to promote the economic, social and environmental well being of its area;

- 5.2 Section 1 of the Local Government (Contracts) Act 1997 empowers the Council to enter into contracts for the provision or making available of services and/assets (such as the Strategic Partnering Agreement) with other persons for the purposes of the discharge of its functions imposed or conferred upon it by statutory provisions such as those referred to in the foregoing paragraphs;

- 5.3 Section 111 of the Local Government Act 1972 gives the Council the power to do anything calculated to facilitate, or that is conducive or incidental to the discharge of any of its functions.

- 5.4 The Council has an obligation to carry out its functions effectively, efficiently and economically;

- 5.5 The Council has an obligation to comply with its statutory duties.

- 5.6 Officers have concluded (having considered, inter alia, the type and nature of the Council’s own funding arrangements) that:

- 5.6.1 entering into the Transaction Document will facilitate the Council in discharging its functions, in particular to providing an opportunity to

- promote the economic, social and environmental well being of its area; and
- carry out its functions effectively, efficiently and economically; and that:

- 5.6.2 it is within the powers and in the best interests of the Council to enter into:

- the proposed Project;
- the Transaction Document (on the terms currently set out in the Transaction Document produced to the Cabinet; subject to such amendments as may be approved in accordance with the report recommendation); and
- such Additional Documents as to be negotiated and agreed by the authorised officers of the Council for the time being (subject to such amendments as may be approved in accordance with the recommendation of this report).

- 5.7 The Council’s Contract Standing Orders require that contracts over £10,000 must be in writing and must be sealed (if so required by the City Secretary and Solicitor) or signed by two officers authorised for the purpose. As the extent of liability of the Council under the Transaction Document or any other Additional Documents will be less than £10,000, the City Secretary and Solicitor has therefore confirmed that the signature of a single authorised officer is sufficient for the Council to execute the Transaction Document or any other Additional Documents (with the exception of any deeds for which the signature of two authorised officers is required).

6 CONCLUSIONS

- 6.1 The LIFTCo is an exciting project which offers significant opportunities to improve and develop primary health and social care facilities in the area. It is recommended that the Council is involved in the process and signs up to level 2 involvement. This gives the Council the right to sit on the strategic partnering board with full voting rights. The current representative is Steve Tilbury, Director of Community Services. To some degree this fits well since he is currently involved in the Waterloooville MDA which may include a future LIFTCo scheme.
- 6.2 In order to meet the timescales of the project, It is suggested that the named officers set out in the recommendation be given delegated authority to sign any documentation required to commit to level 2 involvement and allow the LIFTCo to achieve financial close. If any changes to the extent of the Council's commitment are involved then the Leader of the Council will be consulted.

OTHER CONSIDERATIONS:

7 CORPORATE STRATEGY (RELEVANCE TO):

- 7.1 Relevant to the aim of enabling partnership working by drawing together resources from within the community to address needs.

8 RESOURCE IMPLICATIONS:

- 8.1 Subject to clarification on the final terms of the draft Strategic Partnering Agreement, there are no direct capital implications for the Council at this stage. There may be some minor revenue implications of up to £2,000 per annum to pay a contribution towards the appointment of an independent chair of the LIFT Strategic Partnering Board. If a project was pursued under these arrangements there could be resource implications as such partnerships need to be accounted for in a particular manner. This might involve additional work for Accountancy and changes in the way the Statement of Accounts is prepared and presented.

BACKGROUND DOCUMENTS:

Background Papers in File PR10/290 (CSS)

APPENDICES:

None