

Leicester
City Council

WARDS AFFECTED
Eyres Monsell & Freeman Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

**OSMB
Cabinet**

**18th June 2009
22nd June 2009**

Southfields Joint Service Centre

Report of the Director for Adults & Communities

1. Purpose of Report

- 1.1. This report seeks to inform members of the current situation regarding the proposal for a Joint Service Centre at Southfields Drive, providing facilities for a range of Council and health services under a Local Finance Improvement Trust (LIFT) Scheme.

2. Summary

- 2.1. The LIFT programme is government initiative to bring health services together, such as GP services, district nursing and health visiting to the local community,.
- 2.2. The Council has been working in partnership with the PCT to facilitate the LIFT programme. This culminated in the opening of the Merlyn Vaz Centre, in Charnwood ward in December 2008, with Adult Social Care teams and customer services co-located with health staff.
- 2.3. Cabinet agreed in June 2008 that the Council should bid for a further PFI credit to support the occupation of a second Health and Social Care Centre at Southfields Drive. An Outline Business Case (OBC) was submitted to Communities for Local Government (CLG) in July 2008. CLG requested further work on tenants' requirements, and a full specification was submitted at the end of January 2009.
- 2.4. Concern was expressed about the current financial market conditions and affordability. In consultation with our financial advisors and CLG, it was decided to remodel the bid on a more prudent basis, which resulted in the PFI credit bid rising from £9.6 million to £12.2 million. CLG also required that the new financial position be reported to the Council's Cabinet for approval.

- 2.5. The Council's bid was considered at a Treasury Programme Review Panel on 31st March 2009 and endorsed with minor conditions.
- 2.6. The Council can now develop the scheme in partnership with LIFTCo and the PCT. The scheme is ambitious and supports the delivery of a range of corporate and community strategy themes and priorities, in particular the ambitions and priorities set out in "One Leicester".
- 2.7 The scheme has been considered assessed as being 'high value' under the gateway model for progressing large Council's projects.

3. Recommendations

3.1 It is recommended that members;

- Endorse arrangements to progress the scheme,
- Approve the revised affordability assessment as outlined in para 5.1, and
- Request further reports on progress at key stages of the project as outlined in para 4.7

4. Report

- 4.1. Leicester LIFT's is to objective to improve health and well-being of Leicester's citizens through better access to primary healthcare facilities and other public services, within the concept of joint service centres. The City Council and the PCT are looking to use this opportunity through LIFT to develop the site of the former Newry Junior and Southfields Infant Schools as a joint service centre.
- 4.2. Council facilities proposed include a community centre, a new library, an interactive Council services access point (Tellytalk) and accommodation for approximately 80 staff. This would include a full access point for Adult Social Care services in the area, and the Neighbourhood Management Team and STAR team.
- 4.3. Leicester City PCT are considering a range of functions to include GP practices, Community Nursing Services, Community Dental Services, Community Therapy Services, an Outpatients Suite and a 48 bedded Intermediate Care Facility. LIFTCo are considering providing catering to support on site functions and a small retail unit complimentary to both the PCT and Council functions.
- 4.4. As detailed in the previous Cabinet report, the development has implications for other Council buildings, particularly the existing Southfields library building, also known as the 'Pork Pie' building. The Council is committed to protecting this iconic listed landmark building, but alternative uses are very limited as there is no available car-parking. Existing service provision will continue both from the library and the community centre, and there are no proposals for any changes until the functions move into the new building when the services will be improved and enhanced. Once the new services are up and running, it is proposed that the old Southfields Community Centre, which is in

poor condition, be demolished and the site used to provide car-parking for the 'Pork Pie' building. These sites are less than 300 metres apart. Planning Officers have indicated informal support for the proposal. Preliminary discussions and stakeholder consultation are underway for potential use by the Council for provision of other services.

4.5 Governance arrangements for the project are summarised in the diagram at Appendix A. These are necessarily complex due to the multi-agency nature of the project, but a key feature for the Council is the central role of the Strategic Partnering Board. The internal City Council Project Team is made up of representatives from all interested sections, and the Members Reference Group which is a mechanism for involving and informing local ward Councillors.

4.6 The timetable for the scheme is as follows;

Milestone	Date
Final Tenants Requirements Document	May 2009
Stage 1 LIFT SPB approval	December 2009
Stage 2 LIFT SPB approval	May 2010
Financial close	May 2010
On site/construction	June 2010
Completion/Operational	November 2011

4.7 It is recommended that Cabinet receive further progress reports immediately after the two key stage approval dates in December 2009 and May 2010, as well as a post project review report approximately six months after opening of the facility in November 2011.

4.8 Key work for partners at Stage 1 of the process will be as follows;

- Creation of a Communications Plan both internally and jointly with the PCT and LIFTCo to ensure all relevant stakeholders are identified and kept informed,
- Finalise the tenants requirements document,
- Design competition for architects/mobilisation of design team/design workshops and consultation,
- Joint engagement with local communities,
- Public and user engagement,
- Negotiation over land sale from LCC to LIFTCo,
- Planning submissions.

4.9 The work involved in Stage 1 is challenging and complex and the key will be full public, user and stakeholder engagement. Timescales are tight, but partners are confident that we can build on excellent working relationships between the Council, LIFTCo and the PCT already established as part of the Merlyn Vaz Centre project.

4.10 Partners and in particular the Council project team are committed to ensuring a building which provides a professional and sustainable environment from which staff can deliver a wide range of high quality integrated services to local people. The design needs to instill pride in local people, be sympathetic to the environment, and create a sense of place that will make visiting or working in the building an uplifting experience.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS (Rod Pearson Head of finance – Personalisation & Business Support division)

- 5.1 The Council originally submitted its Outline Business Case in July 2008. At that time the Council sought PFI Credits of £9.611 million to ensure an affordable scheme based on annual Council contributions of £189k.
- 5.2 Cabinet approval to the Council contribution was given at the Cabinet meeting on 14th July 2008, where an annual revenue contribution “roughly in the region of £200,000 per annum” was agreed.
- 5.3 Subsequent to the original submission there has been a significant deterioration in the PFI funding market, to such an extent that the Council and its financial advisors, Grant Thornton, decided to revisit and revalidate key assumptions impacting on affordability calculations
- 5.4 Financial models were re-run using a more prudent interest rate calculation in line with current funding market conditions. The results indicated that if the original bid for £9.611 million remained unaltered, the Council contribution could rise to £351k per annum. The bid for PFI Credits was therefore adjusted to £12.216 million, which results in a projected Council contribution of £216k p.a.
- 5.5 The revised bid of £12.216 million was the one agreed by the Treasury Programme Review Group at its March meeting. Cabinet are therefore requested to approve the revised Council contribution figure of £216k p.a. Cabinet should note that the £216k figure is based on April 2009 prices and that the contribution will increase annually in line with R.P.I. going forward, which is standard practice on schemes of this type.
- 5.6 The centre is planned to open in November 2011. A part year LCC contribution of £90k (at April 09 prices) will therefore be required in financial year 2011/12, and a full year LCC contribution of £216k (at April 09 prices) from financial year 2012/13 onwards for the 25 year duration of the lease.
- 5.7 The LCC contribution will be partially offset by savings from rental and running costs of buildings, which can be vacated when the Centre is up and running. It is not possible to quantify this saving until the exact team occupancy of the Centre is determined, but the saving will be at least £50k per annum.
- 5.8 Given the considerable volatility of the PFI credits market at the current time there is some risk to the Council that required contributions may fluctuate in line with interest rate changes. However, the risk of higher charges is considered low on the basis that our financial advisors have re-modelled the scheme using very prudent interest rate assumptions.
- 5.9 The Council and advisors will closely monitor the market to ensure that any movements do not adversely affect affordability. The Council is of course not fully committed to the scheme until Financial Close anticipated for May 2010, so if markets do further deteriorate there will be the opportunity to review participation up to that stage.

5.10 A condition of the Treasury approval is that the Council provides formal approval of the revised affordability assessment, and Cabinet endorsement of a Council contribution figure of £216k (at April 09 prices) will meet requirements.

6 Legal Implications

6.1 Legal Services has been consulted to ensure that legal powers are available to take forward this project and that all legal assurances are dealt with e.g. consents of disposals of land. Legal Services has been fully involved in the project and full legal implications will be taken into account and included in further reports as this project develops.

7. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	Yes	Para 1.1 & 4.10
Policy	Yes	Throughout
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	Yes	Throughout

8. Consultations

- PCT
- LIFTCo
- Saffron & EME - Ward Members
- Mick Bowers (Resources Support Manager)
- Steve Goddard (Head of Community Services, Adults & Housing)
- Gervase Smith (Acting Head of Asset Strategy & Review)
- Adrian Wills (Acting Head of Libraries, Regeneration & Culture)
- Pat Jones (Head of Customer Services, Resources)
- Nicola Bassindale (Neighbourhood Manager, Adults & Housing)
- Nick Booth (Principal Accountant, Resources)
- Joanna Bunting (Head of Commercial & Property Law, Resources)

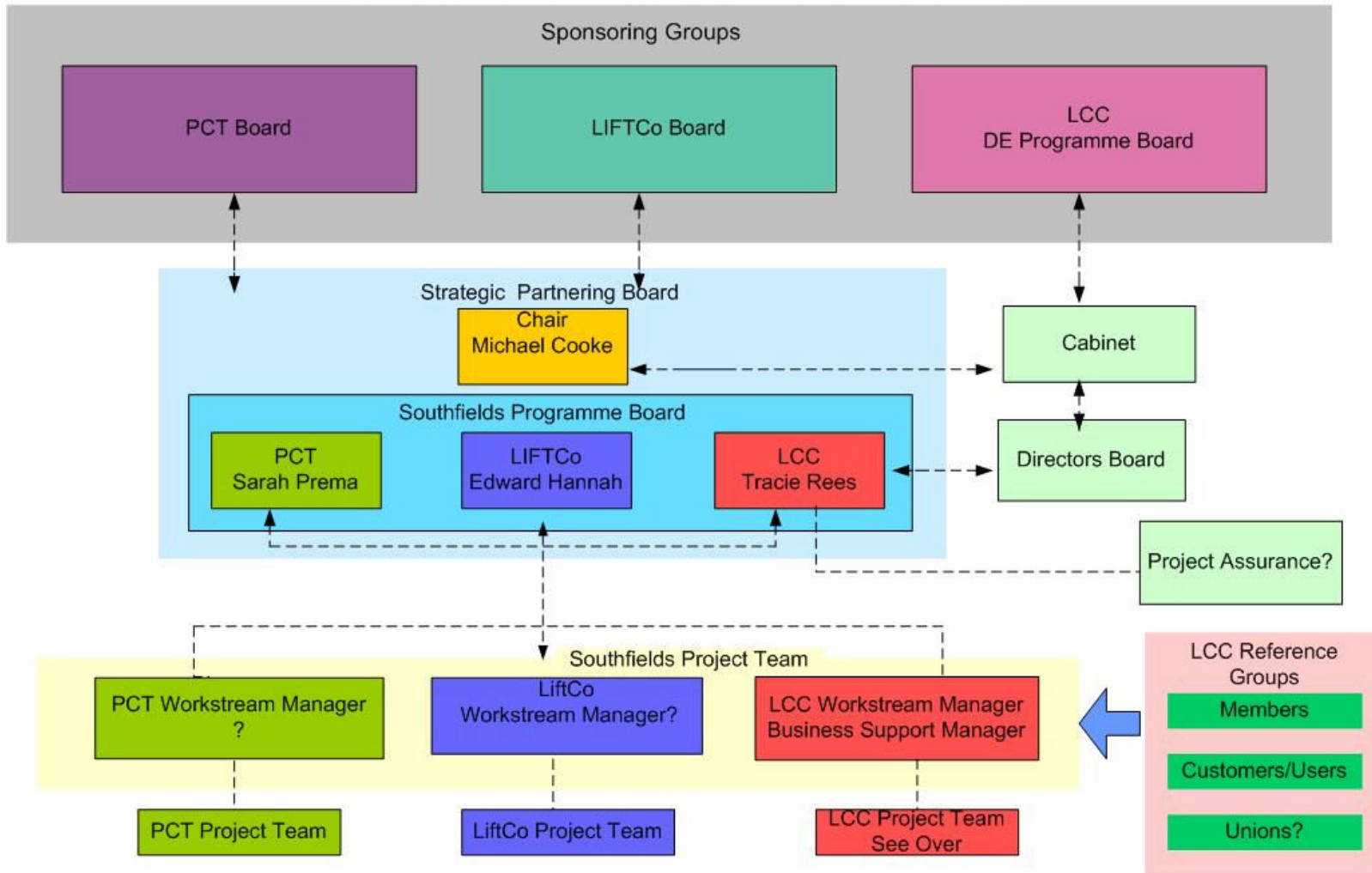
Report Author/Officer Contact

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

APPENDIX A

SOUTHFIELDS LIFT PROJECT: GOVERNANCE ARRANGEMENTS



L.C.C. Project Team: Tracie Rees
Adults and Housing Business Support Manager
Libraries: Adrian Wills
Community Services: Steve Goddard
Neighbourhood Management: Nicola Bassingdale
Social Care: Sarah Morris/Dave Durrant
STAR: Cath Lewis
Finance: Nick Booth
Property: Gervase Smith
ICT: John Doyle
Legal: Joanna Bunting
Project Support: Swarsha Bhalla