

Leicester  
City Council

**WARDS AFFECTED**  
All

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**

**29 July 2002**

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**LIFT PROJECT AND THE BRAUNSTONE HEALTH AND SOCIAL CARE CENTRE**

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**Report of the Service Director, Resources (Directorate of Social Care and Health)**

**1. Purpose of Report**

- 1.1 This report seeks to provide an update on the progress of the LIFT (Local Improvement Finance Trust) Project and the Braunstone Health and Social Care Centre, to highlight associated issues, and to seek approval from Cabinet for delegated authority to formally progress with the Council's involvement to the next key stages.

**2. Summary**

- 2.1 Currently, the accommodation used to provide both health and social care services in the City is generally poor and inadequate for the current and future patterns of service delivery. Closer integration of services and improved local services are a key part of the social care contribution to Revitalising Neighbourhoods.
- 2.2 LIFT (Local Improvement Finance Trust), is a major new initiative from the Department of Health to invest £1 billion nationally in primary care accommodation. LIFT provides the opportunity to solve existing accommodation difficulties and support the city's vision for co-located community-based health and social care services across the whole city.
- 2.3 The Braunstone Health and Social Care Centre is based on the same integrated service model, but will be a partnership with the Braunstone Community Association (BCA), using New Deal for Communities money to fund the initial capital construction cost.
- 2.4 The LIFT Partnership needs to produce a Strategic Service Development Plan (SSDP) by the end of September 2002. This will set out the vision for future service delivery, state the current issues in relation to the estate and identify the initial schemes.
- 2.5 With regard to the Braunstone Centre, the scheme needs to be agreed by the BCA Board, and a Full Business Case prepared by the end of September 2002.

- 2.6 The development of a network of community based integrated Health and Social Care facilities across the City has the potential to make a considerable contribution to the Revitalising Neighbourhoods initiative.
- 2.7 The extent to which the Council becomes involved in LIFT is yet to be decided, and participation in the Braunstone scheme is similarly not yet finalised. Notwithstanding the commitment to the service improvements that would result, participation must be dependent on successful resolution of a range of financial, legal, service and property factors. Work to progress and understand these factors is on-going, and further details are given in the supporting information.
- 2.8 Considerable further work will be undertaken over the summer. Delegated authority is sought for the Council's involvement to be formally confirmed to whatever extent appears appropriate towards the end of September, in the light of the progress made on the various issues.

### **3. Recommendations**

- 3.1 That progress with the LIFT project and the Braunstone Health and Social Care Centre is noted, together with the issues raised;
- 3.2 That support for the principle of co-located services provided by the City Council together with Health and other partners be confirmed;
- 3.3 That Cabinet delegates authority to the Corporate Director of Social Care and Health, in consultation with the Leader, the Cabinet Lead, the Chief Finance Officer and the Head of Legal Services, to sign off the:
- i) LIFT Strategic Service Development Plan (SSDP); and the
  - ii) Braunstone Health and Social Care Centre Full Business Case (FBC);

As the next stage in this process, provided it is based on the assumption that costs can be accommodated within existing budgets; and

- 3.4 That further staged reports are brought to Cabinet when final endorsements of the Council role are required.

### **4. Headline Financial and Legal Implications**

- 4.1 There are significant and potentially wide-ranging financial and legal issues for the Council. These are being actively worked upon, and will need to be clarified before any firm commitments are entered into.

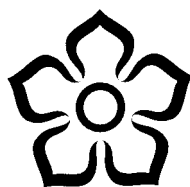
### **5. Report Author/Officer to contact:**

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**DECISION STATUS**

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



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

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### **LIFT PROJECT AND THE BRAUNSTONE HEALTH AND SOCIAL CARE CENTRE**

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## **SUPPORTING INFORMATION**

### **1. Purpose**

- 1.1 This report seeks to provide an update on the progress of the LIFT (Local Improvement Finance Trust) Project and the Braunstone Health and Social Care Centre, to highlight associated issues, and to seek approval from Cabinet for delegated authority to formally determine the Council's involvement.

### **2. Background**

- 2.1 Currently the accommodation used to provide both health and social care services in the City is generally poor and inadequate for the current and future patterns of service delivery. Most health centres were built in the 1970s and few GPs premises have been purpose built. A number of doctors are working from cramped premises. Many buildings in the social care sector need significant improvement to meet statutory requirements, such as access for disabled people. Existing buildings provide very limited scope to integrate health and social care, which is a key part of our contribution to Revitalising Neighbourhoods.
- 2.2 LIFT (Local Improvement Finance Trust), is a major new initiative from the Department of Health to invest £1 billion nationally in primary care accommodation. It aims to radically improve how and where health and social care is provided by stimulating investment in modern integrated primary care and other community-based services, such as social services and the voluntary sector.
- 2.3 LIFT provides the opportunity to solve existing accommodation difficulties and support the city's vision for community-based health and social care services across the whole city. It will refurbish, manage and own the buildings, providing a modern working environment to improve service delivery and help with the recruitment and retention of staff.

- 2.4 Leicester's LIFT scheme is based on a local partnership between the statutory services (principally Health and Social Services) and a private sector partner. The partners are Eastern Leicester Primary Care Trust, Leicester City West Primary Care Trust, Leicester City Council and Partnerships for Health. Also involved are Leicester Partnerships NHS Trust, University Hospitals of Leicester NHS Trust, and South Leicestershire Primary Care Trust.
- 2.5 In November 2001 the partnership was invited to make an "Expression of Interest" application to the Department of Health to become a second wave LIFT scheme. This application was successful and the partnership is currently working towards producing a Strategic Service Development Plan (SSDP), which will form the basis of a procurement process to find a private sector partner. This will lead to the creation of a local LIFT Company (a LIFTCo).
- 2.6 The first wave of buildings is likely to focus on the first Health and Social Care Centres and a number of new or refurbished primary care centres, with later waves seeing the remaining centres and possibly other health and / or social care facilities.
- 2.7 The LIFTCo will fund and build the required facilities, on the basis of long term leases with the partners, who will pay a charge covering rent plus any services (such as caretaking and maintenance) provided on an on-going basis by the LIFTCo.
- 2.8 The Braunstone Health and Social Care Centre is based on the same integrated service model, but will be a partnership with the Braunstone Community Association (BCA), rather than the Local LIFT Company. In broad terms, the BCA would fund the capital cost of building the centre from New Deal for Communities funds, and would charge rent to generate a long-term income stream for the community. This is still subject to final approval by the BCA Board.

### **3. Progress to Date**

- 3.1 The LIFT Partnership has established a project structure for the LIFT Project, which is attached at Appendix 1.
- 3.2 Strategic direction and overview is given by the Project Board, of which the Corporate Director for Social Care and Health is a member. The operational direction and management is the responsibility of the Project Team, of which the Service Director, Resources, is a member.
- 3.3 Reporting to and advising the Project Board and Team is the LIFT Project Director, who is in turn supported by the LIFT Project Manager. The former is employed by the Leicester City West PCT, and the latter seconded to the PCT from the Directorate of Social Care and Health.
- 3.4 The project structure also includes a number of sub-groups, with the Directorate represented on each one: -
- Modernisation and Service Redesign
  - Communications

- Finance and Risk Management
- Estates Planning
- Workforce Development.

- 3.5 Information is currently being gathered on the future service delivery requirements in all related sectors, together with an assessment of the current Health and Social Care estate. Not surprisingly, this is revealing that the current premises, in many cases, are not sufficient to meet current and future requirements. Work is therefore ongoing to find sites for the new centres.
- 3.6 Some initial prioritisation of areas for first phase schemes has been completed and endorsed by the Project Board. However, the Project Board recognises that the final selection will be subject to the achievability in the short term of each scheme.
- 3.7 The partnership needs to produce a Strategic Service Development Plan (SSDP) by the end of September 2002. This will set out the vision for future service delivery, state the current issues in relation to the estate and identify the initial schemes. Following this a formal procurement process will take place to identify a private sector partner.
- 3.8 It is expected that building work will commence in early 2004, with the first centres opening by the end of 2004.
- 3.9 Discussions are also ongoing to identify how the LIFT Project can support the overall regeneration of the City and the plans for neighbourhood focused services.
- 3.10 With respect to the Braunstone Centre, the scheme needs to be agreed by the BCA Board, and a Full Business Case prepared by the end of September 2002, and signed off by partners prior to submission to the Strategic Health Authority. Approval of the scheme by the Government Office for the East Midlands will also be required.
- 3.11 It is hoped that all approvals for Braunstone will be in place by the end of December 2002, and that building work will start during 2003. In the event of approvals not being received or other difficulties that prevent the scheme from proceeding, it may be possible to transfer it into the LIFT project.
- 3.12 Service modeling and design work for the Braunstone Centre is underway, with architects appointed and progress made in a number of respects. This will form a basis for the centres to be procured via LIFT elsewhere in the City.

#### **4. Issues to be Progressed and Considered by the City Council**

- 4.1 The City Council agreed in November 2001 to become part of the Expression of Interest application for the Leicester LIFT. It is clearly a vehicle to improve service delivery for both health and social care communities, particularly in the areas of the City with high deprivation. Work is ongoing to maximise the benefits of LIFT, whilst ensuring the best outcome for the Council. However, the extent to which the Council becomes involved is yet to be decided, and is dependent on a range of financial, legal, service and property factors. Work to progress and understand these factors is on-going. The following paragraphs briefly describe some of the issues under consideration.

- 4.2 **Level of Involvement:** Local authorities can take part in LIFT on a number of levels, from having no involvement to becoming a stakeholder in the LIFT company. The Head of Legal Services is currently considering the issues for the Council in relation to each level; Appendix 2 sets out the commitment at each level. Some similar considerations arise in the Braunstone project.
- 4.3 Up to level 3 the City Council's involvement would only require the signing up to the SSDP. This essentially identifies to a prospective private sector partner support for the medium and long term vision and strategy being developed for primary and social care.
- 4.4 Involvement at level 4 would give the private sector partner exclusivity rights for the development of future property solutions in relation to any services named in the SSDP. This clause does not give total exclusivity to the private sector partner, but gives them the first and subsequent chance of producing and costing a solution.
- 4.5 Above level 4 would require the City Council to become a shareholder in the LIFTco, by transferring either money or buildings to the LIFTco. If the company makes a profit then the Council would receive a dividend, but could lose on its investment if financial performance of the LIFTco does not meet expectations.
- 4.6 **Service Specifications:** Further work is required on the social care services to be accommodated within LIFT schemes and the Braunstone centre.
- 4.7 **PFI Issues:** LIFT is a Private Finance (PFI) initiative initiated by the Department of Health. Any involvement in the project by the City Council that involves leasing accommodation would require the procurement process and the terms of the lease and / or service contract to meet the statutory requirements governing the use of PFI in local authorities. Whilst a LIFT scheme could be financially attractive to the Council due to it not requiring capital resources and then receiving annual PFI credits, it could be financially unattractive if all the criteria are not met.
- 4.8 Initial discussions have taken place with the Public Private Partnership Programme to establish our position in relation to the Council's involvement in LIFT being treated as a local authority PFI scheme. These have highlighted a number of issues to be considered, and will require the engagement of external consultants due to the highly specialised and ground-breaking nature of the proposals locally.
- 4.9 The PFI issues in relation to the Braunstone scheme are more complex, and it appears at this stage that the Council's involvement will not qualify as a PFI scheme. This could make the scheme financially unattractive to the Council (both in its own right and compared to the LIFT option).
- 4.10 **Lease Arrangements:** If the Council takes space within any new premises then a lease arrangement will have to be entered into. Guidance suggests that this would be for approximately 20 years for LIFT, with a similar timescale likely to be sought by the BCA. This also has significant long-term financial and service implications.
- 4.11 **Affordability:** Detailed financial work is being undertaken to establish the affordability for the City Council of any involvement in the LIFT Project and the Braunstone Scheme.

This is a highly complex area, requiring a lot of data and consideration of a wide range of factors, including current and potential future legislation, longer term capital and revenue strategies, VAT and risk issues.

- 4.12 **Corporate Property:** The movement of staff and services into the new Centres would release existing buildings across the City. Some of these would be operational service buildings owned by the Social Care and Health Directorate, but significant space may also be released in Centrally Located Administrative Buildings. Capital receipts would be generated if these buildings were to be sold, and there would be savings on running costs. Capital receipts may also be generated if the land on which new facilities are to be built is currently owned by the Council. Processes will need to be considered whereby the benefit of these receipts and reduced running costs is used to make the new facilities viable.
- 4.13 **Other Council Services:** There may also be scope for the inclusion of other Council services in the new facilities, for example housing offices or community facilities. This will require a holistic view to be taken by all Directorates to maximise the benefit of these initiatives for local citizens.
- 4.14 **Personnel, Information Systems and other Resources:** The movement of services between buildings, and possibly to direct provision by the LIFTCo or the BCA could have implications for staff, information systems and other resources.
- 4.15 **Sustainable and Environmental:** The design and construction of the new facilities will need to have regard to the City Council's environmental standards.
- 4.16 **Revitalising Neighbourhoods:** Although the precise location for the proposed centers are yet to be determined, the development of a network of community based integrated Health and Social Care facilities across the City has the potential to make a considerable contribution to the Revitalising Neighbourhoods initiative.

## 5. The Way Forward

- 5.1 As described earlier in this report, the LIFT Strategic Service Development Plan (SSDP) and the Braunstone Final Business Case (FBC) have to be completed by the end of September 2002. Considerable further work will be undertaken over the summer. Delegated authority is sought for the Council's involvement to be formally confirmed to whatever extent appears appropriate, in the light of the progress made on the issues referred to above. Further reports will be prepared at the stage when formal endorsement is required.

## 6. Financial and Legal Implications

- 6.1 There are significant and potentially wide-ranging financial and legal issues for the Council. These are being actively worked upon, and will need to be clarified and be deemed to be acceptable and affordable, before the SSDP and the FBC can be signed.



## **FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **1. Financial Implications**

This report is concerned with financial implications throughout.

### **2. Legal Implications**

This report is concerned with financial implications throughout.

### **3. Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	<b>Yes</b>	<b>Throughout the report</b>	
Policy	<b>Yes</b>	<b>Throughout the report</b>	
Sustainable and Environmental	<b>Yes</b>	<b>4.15</b>	
Crime and Disorder	<b>No</b>		
Human Rights Act	<b>No</b>		
Elderly/People on Low Income	<b>Yes</b>	<b>Throughout the report</b>	

### **4. Background Papers – Local Government Act 1972**

Directors' Board Report of 6<sup>th</sup> November 2001.

### **5. Consultations**

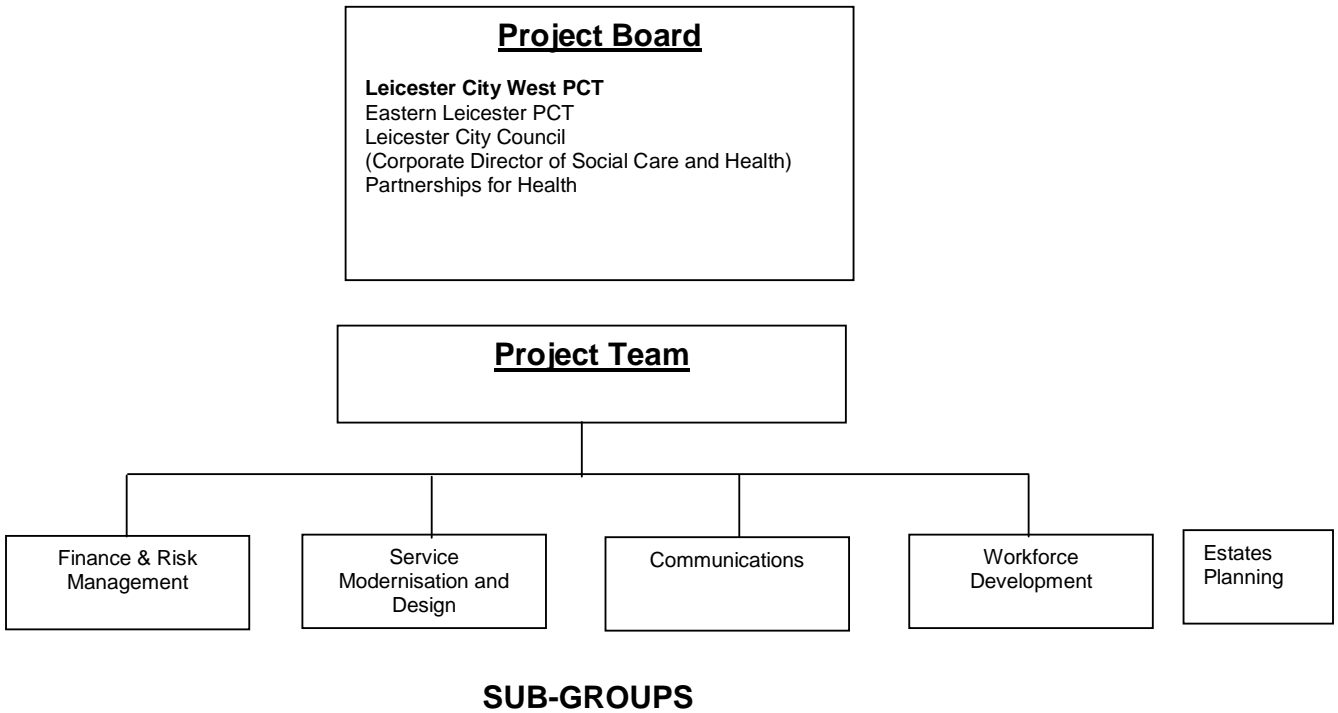
Head of Legal Services and Chief Finance Officer. In addition, trade unions will be kept informed and consulted as appropriate.

### **6. Report Authors**

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**Project Management for Leicester LIFT**



**LEVELS OF INVOLVEMENT IN LIFT SCHEMES FOR LOCAL AUTHORITIES**

Level	Explanation
1	No involvement at all. It is a very strong wish of the NHS at a local and national level, as well as of the Partnerships for Health, that Local Authorities would be a fully integrated part of the LIFT process. But ultimately, if the Council felt absolutely unable to have anything to do with the LIFT scheme, it is of course in the Council's discretion to decide to have nothing to do with it – that would be a decision for the Council to make.
2	To agree specific transactions in relation to identified sites that were surplus to requirements or require developments, and agree to rent accommodation from new or redeveloped premises that the Liftco may deliver. This may achieve some short-term aspirations for the LA and for the wider health economy, but would avoid any long-term commitment and potentially again therefore reduce the long-term benefit from service integration that may be achievable – but again is an option.
3	As option 2, but additionally formally endorsing the SSDP. The signing of the SSDP in itself does not involve any long-term commitment for a LA other than in relation to the specific premises identified. It would, however, show to prospective private sector partners support for the medium and long-term vision and strategy being developed for primary and social care, and therefore may open the door to longer term opportunities. If this option were considered, but the Council was not to be a participant to the Strategic Partnership Agreement (SPA), then consideration should be given to identifying the Council in the OJEC advertisement as a prospective future partner who has signed up the strategic vision and objectives of the LIFT through endorsing the SSDP.
4	As option 3 but also agreed to be a participant in the Strategic Partnership Agreement (SPA), once an acceptable private sector partner is selected and a Liftco is to be established. This would commit the Council to the terms of the SPA, including involvement on the Strategic Partnership Board and the exclusivity clause.
5	As option 3, but become a shareholder in Liftco. The Shareholders' Agreement envisages local health and social care stakeholders being able to be shareholders in the company, whether or not they are participants to the SPA. Shareholding may be required, for example, in return for assets transferred into the Liftco (obviously, at a best consideration value). Any shareholding that the Council or other local health economy stakeholder took in the company is envisaged to be part of a minority shareholding. It would have influence over the company's operations and planning of future requirements, but is within the context of a private sector controlled company.
6	The final option, involving fullest level of commitment, would be to endorse the SSDP, agree to be a participant to the Strategic Partnering, Agreement and to become a minority shareholder in the Liftco.