Leicester City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Cabinet **22nd September 2003**

DEVELOPING HEALTH & SOCIAL CARE CENTRES
THROUGH LIFT AND NEW DEAL FOR COMMUNITIES

Report of the Corporate Director, Social Care and Health

1. Purpose of Report

1.1 This report seeks further approvals to progress with the next stages of the Council's involvement in the Leicester LIFT (Local Improvement Finance Trust) Initiative. It also describes progress with the Braunstone Health and Social Care Centre.

1.2 Involvement with Leicester LIFT represents the first use by the Council of its powers to promote wellbeing provided in Section 2 of the Local Government Act 2000.

2. Summary

2.1 Through Leicester LIFT and the Braunstone Health and Social Care Centre, it is intended to develop a total of seven health and social care centres (HSCC) across the City. The main aim of this is to improve access to primary care services in buildings, which are fully accessible to the public and comply with all current and projected building/office standards, and within which the local NHS Trusts and the Council can lease accommodation. It is also planned that each LIFT centre will incorporate a Customer Service base offering public access to a wide range of Council services. The initiative plans to accommodate 200 of the 400 Social Care and Health staff located within the Grey Friars complex, plus up to 130 staff located in other Council premises.

2.2 The Local Improvement Finance Trust (LIFT) is a public private partnership initiative from the Department of Health, which seeks to invest £1 billion in improving the buildings, from which health and social care services are provided in the community. Leicester is one of 42 areas in the country to benefit from this programme. Following an extensive procurement process, ExcellCare Ltd has been selected as the private sector partner to join with Leicester LIFT to set up a joint venture company.

2.3 Pending resolution, at a national level, of the funding arrangements to allow Council participation in the LIFT initiative, it seems prudent, at this stage, to proceed with a commitment only to the first phase of Leicester LIFT.

2.4 The Braunstone Health and Social Care Centre is based on the same integrated service model as LIFT, but is a partnership with the Braunstone Community Association using New Deal for Communities money to fund the initial capital construction cost. Agreement has now been reached on the proposed lease for the new centre and SOL Construction has been awarded the contract to develop the scheme. It is envisaged that the building will be ready for occupation in early 2005.

3. Recommendations

3.1 Cabinet is recommended to:

(a) Note the progress of the Braunstone Health & Social Care Centre;

(b) Support involvement in the first phase of LIFT Schemes only at this stage;

(c) Approve the disposal of approximately 2,248 sq. metres of land at Charnwood Children and Family Centre as identified edged on plan no. Cttee 77, and approximately 959 sq. metres of land at St Peter's as identified edged on plan no. Cttee 78, by way of freehold sale or long lease to LIFTCo or Leicester City West PCT (depending on the status of LIFTCo at the time when sale is required), subject to any necessary consents being received and the Town Clerk being authorised to approve the detailed terms agreed under delegated powers in consultation with the Cabinet Link Member;

(d) Agree that the Council becomes a member of the LIFT Strategic Partnering Board, and that it be represented by the Corporate Director of Social Care and Health, with reports to Cabinet on policy and financial matters as required;

(e) Agree that the Council does not become a shareholder in Leicester LIFTCo;

(f) Request a report on the affordability of involvement in future phases of the LIFT development when the national and local funding position is clearer;

(g) Agree that no 'call-in' be made in respect of the LIFT decisions arising from this report in view of the urgent need to progress Stage 1 of the Council's involvement with the development.

4. Headline Financial and Legal Implications

4.1 There are significant and potentially wide-ranging financial and legal issues for the Council. These continue to be actively worked upon and will need to be carefully evaluated at each stage to ascertain affordability. The current situation is described in detail in the Supporting Information, however, the full revenue costs at this stage amount to:

Braunstone HSCC (to which the Council is now committed)

2004/05	£20,000	2005/06	£26,000	2006/07	£61,500

This will be funded from the provision in the 2003/04 Departmental Revenue Strategy.

LIFT Phase 1 (to which the Council is not yet formally committed)

2004/05	£ NIL	2005/06	£70,000	2006/07	£140,000

The LIFT costs would be offset by around £40,000 per year from 2006/07 by recycling the existing premises budgets and investing the capital receipt from land sales. The £100,000 net additional cost would be contained within the balance of the provision in the 2003/04 Departmental Revenue Strategy, although could be further offset by any PFI credits or other external funding that may be secured.

4.2 There are also wider implications for the financial aspects of the Council's City Centre accommodation strategy, as progression with LIFT is essential if the longer term plan to vacate and dispose of the Grey Friars site is to be achieved.

5. Report Author/Officer

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DECISION STATUS

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

WARDS AFFECTED
All Wards

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DEVELOPING HEALTH & SOCIAL CARE CENTRES
THROUGH LIFT AND NEW DEAL FOR COMMUNITIES

SUPPORTING INFORMATION

1. Background

1.1 At its meeting on the 29th July 2002, Cabinet confirmed its support for the principle of co-located services provided by the City Council together with the NHS and other partners. Cabinet further gave approval 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:

a) LIFT Strategic Service Development Plan, and
b) Braunstone Health and Social Care Full Business Case

It was requested that further staged reports be brought to Cabinet when final endorsements of the Council's role were required.

1.2 At its meeting on the 24th March 2003, Cabinet also approved recommendations with regard to the submission of a bid for PFI (Private Finance Initiative) credits to the Office of the Deputy Prime Minister (ODPM), to support the development of the LIFT initiative in the context of the Joint Service Centre concept.

1.3 Unfortunately, this bid was unsuccessful. Work continues to lobby central Government to create a new source of funding specific to LIFT in order that Councils throughout the country can participate in LIFT initiatives. A Department of Health sponsored national conference on LIFT takes place on 13th October, at which the Corporate Director of Social Care and Health has been invited to speak.

2. Braunstone Health and Social Care Centre

2.1 The Braunstone Health and Social Care Centre is based on the same integrated service model as LIFT, but is a partnership with the Braunstone Community Association (BCA) using New Deal for Communities money to fund the initial capital construction cost. SOL Construction has been awarded the contract to construct the centre.

2.2 Occupation of the building will shared between the Leicester City West Primary Care Trust (who will have 87% of the square footage) and the Council's Social Care & Health Directorate (who will occupy the remaining 13% of the building). The rental from the property will create a long-term income stream for the local community. The Council is currently committed to signing a 10-year lease upon completion of building work, this being the maximum length of time permissible if the lease is not to count as a credit arrangement under current regulations (classification as a credit arrangement would make the project unaffordable). However, the BCA would much prefer a 25 year lease to be taken out, and officers are pursuing measures that would allow this to be actively considered as an affordable option when the lease comes to be signed in late 2004 / early 2005.

2.3 The lease agreement has been the subject of long and complex negotiations between Leicester City West Primary Care Trust, the Council and the Braunstone Community Association. These negotiations have been successfully concluded, with an agreement for the lessees to pay a market rent for the building with the rent to be reviewed in 5 years' time in line with the Retail Price Index.

3. Leicester LIFT

3.1 The Local Improvement Finance Trust (LIFT) is a major initiative from the Department of Health to invest £1 billion in improving and expanding the buildings from which health and social care services are provided in the community. Leicester is one of 42 areas in the country to benefit from this programme.

3.2 Many of the health centres in the City were built in the 1970s and are no longer suitable for the provision of modern healthcare services. Few General Practitioner surgeries have been purpose built, and a number of GPs are working from unsuitable premises. Some buildings need significant improvement to meet current disabled access and health and safety requirements. There are few buildings that are suitable for integrating health and social care services in the City. Leicester LIFT partnership aims to help resolve these issues and support the city's vision for co-located community-based health and social care services in 6 LIFT Health and Social Care Centres to be built across the City.

3.3 LIFT is a public private partnership, from which a new company, known as LIFTCo, will be formed. Unlike a Private Finance Initiative, the private sector company will be a partner for 25 years and it is in their interests to sustain the property portfolio and be on good terms with their public sector partners. In addition to the Council, the key partners in Leicester LIFT are the local NHS Trusts (Leicester City West Primary Care Trust and Eastern Leicester Primary Care Trust), and Partnerships for Health (the public private partnership organisation established by the Government to facilitate the development of LIFT nationally). Leicestershire Partnership NHS Trust, University Hospitals of Leicester NHS Trust, and

Leicestershire, Northamptonshire and Rutland Strategic Health Authority are also represented on the LIFT Board.

3.4 Leicester LIFT has, through an extensive procurement process, chosen ExcellCare Ltd as its private sector partner in the 25 year programme to set up a joint venture company as a Public Private Partnership. ExcellCare Ltd, which was formed by Equion plc (a subsidiary of John Laing plc) and Bank of Scotland Corporate Banking, has been chosen as the private sector partner in two other areas (Sandwell, and Manchester, Salford and Trafford) and is shortlisted for another 11 sites.

4. Phase 1 LIFT Schemes and land owned by the Council

4.1 As part of the procurement process, bidders were asked to develop their proposals based on three initial schemes. These first phase schemes are;

a) A small primary care practice on Narborough Road

b) A medium sized primary care centre (replacing the existing St Peter's medical centre)

c) A large health and social care centre, incorporating the existing Charnwood Health Centre and the adjacent Family Resource centre run by the Council's Social Care and Health Directorate.

4.2 It is proposed that each of the six planned LIFT Health and Social Care Centres (of which Charnwood is the first) will include a neighbourhood Customer Services base, to provide information about and contact with a range of Council services. This formed the basis for the unsuccessful bid for OPDM PFI Credits, as supported by Cabinet on 24th March 2003. This original proposal required an additional 60 sq. metres per centre with an additional RAD member of staff in each centre. Although desirable, this model is not considered affordable at the current stage. A revised, less ambitious model would be that Social Care and Health staff will offer the Customer Care service on behalf of the Council under the oversight of RAD.

4.3 The Council owns land, which will be required for the schemes at Charnwood and St Peter's to progress. It is intended that the sites be disposed of, by way of freehold sale or long lease (125 years minimum) with the sale prices to be at open market value. Clearly, in these circumstances, the sites cannot be marketed as the prices will need to be negotiated directly with the purchaser. In addition, if there is any doubt as to whether sufficient evidence can be provided to prove that the agreed figures fully reflect market value, the consent of the Office of the Deputy Prime Minister will be required.

4.4 The site at St Peter's is held for Housing Revenue purposes. The site amounts to approximately 959 sq. metres (1,147 sq. yards) and is currently part developed with a car park which is let on a 25 year lease from 1992 to Eastern Leicester Primary Care Trust at an existing rental of £4,256 pa. This lease will be surrendered and the income to the Housing Revenue Account lost. The remainder of the site holds a ramp, which provides access to the adjacent Goscote House tower block. Seven car spaces currently used by Goscote House will be lost. As part of the LIFT scheme, the ramp will be demolished and the scheme will have to provide a suitable alternative (potentially by an alteration to the existing lift and concierge) and discussions have commenced with officers from the Housing Department about the technical requirements. Students occupy many of the flats in Goscote House and one of the flats has been disposed of on a long-term lease under the right to buy scheme. The flat leaseholder may need to approve the proposals and the University will need to be consulted. Investigations are currently underway to establish whether there are any other persons with an interest in this land. As the site is held for the purposes of Part II of the Housing Act 1985 it appears that the consent of the Office of the Deputy Prime Minister will be required for disposal for non-housing purposes.

It is envisaged that the capital receipt from the disposal of this land will be applied to the Housing capital programme, and will compensate for the loss of rental income from car parking.

4.5 The site at Charnwood is currently developed with the Charnwood Children and Family Centre, as identified edged on the attached plan amounting to approximately 2,248 sq. metres (2,689 sq. yards) in area and provides vehicular access to the adjacent Charnwood Health Centre.

5. Future involvement with LIFTCo

5.1 In the period up to 30th January 2004, work will be required to reach Financial Close with ExcellCare on the first schemes, after which LIFTCo will be created as an organisational entity. It has been agreed that the first Financial Close will comprise two NHS only schemes – St Peter's and Narborough Road and that, due to the considerable complexity of the Charnwood scheme (including 19 different tenant services), Charnwood should be part of a subsequent Financial Close later in 2004.

5.2 To enable Financial Close, it will be necessary to establish the following structures and organisational arrangements:

a) Leicester's LIFT Company will need to be established as a public private partnership with both public and private shareholders; and

b) A Strategic Partnering Board will need to be established as a strategic commissioning body for LIFTCo; and

c) Tenant organisations in the first schemes will need to enter into an agreement with LIFTCo to confirm their intention to become tenants.

5.3 In order to formalise these arrangements, standard LIFT documents have been developed on a national basis and these relate to the organisational arrangement outlined above.

5.4 <u>Shareholding within the Company</u>

5.5 It is expected that shareholding within the LIFT Company will be structured as follows:

- 60% shareholding by the Private Sector Partner (i.e. ExcellCare Ltd)
- 20% shareholding by Partnerships for Health (the public private partnership organisation established by the government to facilitate the development of the LIFT approach nationally)
- 20% shareholding by the local participant public sector organisations (i.e. divided between some or all of the Participating Organisations with levels of shareholding to be agreed).

5.6 Nominees to the LIFTCo Board of Directors will reflect shareholding, with 3 private sector nominations, one Partnership for Health nomination and one nomination representing the public sector participants. The future extent to which the Council becomes involved in Leicester LIFT is a matter of choice for Members, with associated potential risk and benefits.

5.7 The Council could become an equity shareholder in LIFTCo. The investment could be cash, or the value of an asset, such as transferring Council-owned land to the LIFTCo at nil cost rather than selling it at market value.

5.8 Any stake that the Council might be able to take would probably be less than one half of one per-cent of the LIFTCo's total capitalisation. This is because most of the capital required by the Company will be raised by borrowing. The remainder will be raised from shares, with the local health and social care economy taking up to one-fifth, as set out in paragraph 5.5. Assuming that the Council might take up to one-tenth of the local shares, in line with its proportional involvement in the LIFT schemes, then the Council would at most hold 0.3% of the LIFTCo's overall capitalised value.

5.9 The benefits of taking a shareholding include:

- Assuming the LIFTCo is financially successful, an annual dividend could be expected in later years, with the potential of a proportion of any asset sales at the end of the first 25 year lease. This could amount to a profitable return on the investment.

- A shareholding would be seen as the ultimate demonstration of the Council's commitment to LIFT, and could enhance its influence.

5.10 The risks include:

- The LIFTCo may perform poorly, with no dividend available

- The investment could decline in value, or not be realisable

- Land and property values may not continue to increase, so less profit would be realised at the end of the 25 years.

5.11 Other considerations include:

- Setting up the legal agreements could be expensive
- Officer time would be required year on year to manage and account for the shareholding
- Secretary of State consent could be required
- Funds to invest would have to be found, or a capital receipt on land sales foregone

5.12 The Council could be involved in LIFT without being a shareholder but with commitment to the Strategic Service Development Plan (SSDP). This essentially identifies to a prospective private sector partner, the support for the medium and long term vision and the strategy being developed for primary and social care. For these reasons, Members are therefore recommended to decide that a shareholding in LIFTCo should not be progressed.

5.13 <u>The Strategic Partnering Agreement and the Strategic Partnering Board</u>

5.14 The Strategic Partnering agreement is entered into by LIFTCo and the public sector participants. This sets out how the parties will act together in achieving the long-term objectives of LIFT.

5.15 The relationship between LIFTCo and the public sector participants is governed by the Strategic Partnering Board, which will meet at least quarterly, and comprises one representative from each public sector participant organisation, one representative from LIFTCo and other representatives from the local health and social care community as agreed by the Participants. The parties appoint an independent, non-executive chair of the Board. The Strategic Partnering Board appoints the public sector Participants' Director to the LIFTCo Board, and formally reviews the operation of the Strategic Partnering Agreement.

5.16 The Strategic Partnering Board approves the annual Strategic Service Development Plan and approves new projects - it is therefore effectively a commissioning partnership for the LIFTCo. Following from the selection of ExcellCare as the private partner for LIFT, it is anticipated that Leicester LIFTCo will be established early in 2004. At that point, the LIFT Project Board (on which the Corporate Director of Social Care and Health has been the Council's representative) will be replaced by the Strategic Partnering Board and will continue to be the key forum for determining the future plan of actions for Leicester LIFT.

6. Corporate Accommodation Strategy

6.1 Taken together as an overall strategy, the proposed development of Braunstone and the six LIFT Health and Social Care Centres across the City provide the key exit route for Social Care and Health from its main offices at the Grey Friars/St Martins complex. The Grey Friars complex will otherwise require substantial capital investment to meet health and safety and access standards. The Resources, Access and Diversity Directorate's Revenue Strategy is dependent on savings from Centrally Located Administrative Buildings consequent on the disposal of Grey Friars and St Martins.

6.2 Some 190 staff from Grey Friars/St Martins and 130 staff from other offices, including Sulgrave Road, the Rowans, Layton House and Lincoln Street, will move into new health and social care centres. This will release capital assets for the Council's use. It would also free the buildings' running cost budgets towards the revenue costs of the Health and Social Care Centres.

6.3 The remaining 200 staff at Grey Friars/St Martins are largely involved with children's services and will require relocation before the site can be cleared. Members should also note that, in order to fully vacate St Martins, notice would have to be given to Age Concern Leicestershire, who currently occupy space on the ground floor.

7. Financial Implications

(Colin Sharpe, Head of Finance, Social Care and Health)

<u>Costs</u>

7.1 The Council has planned for many years for the replacement and disposal of the Grey Friars complex. Some 60% of the staff and services moving into health and social care centres will be vacating the Grey Friars offices. The Council owns the Grey Friars complex and, therefore, no rent is paid. Any alternative accommodation option for Grey Friars, short of using the Council's own premises, would result in a cost increase to the Council (by way of rent, or debt charges on an outright purchase). If Grey Friars were to remain in use for the longer term, then at least £1m would need to be spent to achieve minimum acceptable standards and to comply with statutory requirements. However, the proposals in this report in respect of the Charnwood scheme alone will <u>not</u> enable Grey Friars to be disposed of, as further centres will need to be completed.

7.2 The estimated full annual cost of Braunstone HSCC is £35,500 rent, plus rates, utilities and service charges of £26,000. Completion is expected around December 2004. There will be a rent-free commissioning and start-up period to the end of March 2005, followed by a further rent free period to the end of March 2006 in recognition of the Council's contribution to the scheme by disposing of the land at a discounted price. The expected cost profile over the next three years is therefore:

2004/05	£20,000	Fitting Out costs
2005/06	£26,000	Rates, utilities and service charges
2006/07	£61,500	Full annual cost

7.3 The annual costs of the Charnwood Centre cannot yet be established in detail, as the design and space allocations are still being worked on. However, the total lease charge (including rent, service charges, utilities and rates) is expected to be around £140,000 per year. It is expected that the Centre will open part way through 2005/06, with a full year from 2006/07. The estimated cost profile is therefore:

2005/06	£ 70,000	(part year leasing charge, any additional fitting out)
2006/07	£140,000	

7.4 The total combined cost profile is therefore:

2004/05	£ 20,000
2005/06	£ 96,000
2006/07	£201,500

7.5 Steps have been taken as outlined in the report to ensure that the particular nature of the Braunstone lease does not give rise to a credit arrangement, which would have adverse implications for the Council's capital programme. No action can be taken which leads to the creation of a credit arrangement requiring additional resources. The issue does not arise with LIFT schemes, due to its different legal basis.

<u>Funding – 2004/05 and 2005/06</u>

7.6 The 2003/04 DRS included funding of £50,000 in 2004/05 and £170,000 in 2005/06 for Braunstone and LIFT (although this funding is dependent upon the achievement of corresponding savings in the DRS).

7.7 A bid has recently been submitted by the Leicester City West Primary Care Trust for NRF funding to meet a range of costs associated with supporting the delivery of the LIFT project in 2004/05 and 2005/06. This was categorised as priority 1 by the Health Partnership group.

7.8 As the Council has formally committed itself to the Braunstone centre, £20,000 and £26,000 will be needed for 2004/05 and 2005/06 respectively. Given that the DRS growth in para. 7.6 above can be afforded, this potentially leaves £24,000 in 2004/05 and £144,000 revenue funding in 2005/06 to meet the costs of LIFT. In addition, some support is anticipated from the NRF, assuming the bid is successful, together with investment income from capital receipts as set out below.

7.9 Given these actual and potential funding streams, together with the relatively low total expenditure expected in 2004/05 and 2005/06, it is considered that the costs of the schemes are affordable in the short term.

Funding – 2006/07 onwards

7.10 In the longer term, the principal way in which most of the additional annual revenue cost of LIFT schemes could be offset, would be if the Council were to secure Private Finance Initiative Credits from the Government. These credits are available to promote and support PFI schemes, the additional revenue costs of which would otherwise be unaffordable to local authorities. PFI credits are not a possibility for Braunstone, due to its financial and legal basis.

7.11 A bid was made earlier in the year to the Office of the Deputy Prime Minister (ODPM) for PFI Credits to support the development of Joint Service Centres under the LIFT initiative, encompassing health and social care and access to other City Council services. Unfortunately, this was unsuccessful, as the ODPM considered that the Centres would be aimed mainly at providing primary and secondary health care plus social services. The ODPM suggested that if a future bid were to be contemplated by the Council, then a wider range of services should be included. It was also stated that the Joint Service Centre budget is not intended for schemes focussing on health and social services, as the Department of Health already has its own budget for such schemes.

7.12 It is understood that discussions are being held at national level within the Department of Health, about creating a separate "pot" of PFI funding for supporting LIFT schemes. The ODPM also indicated that it would consider a joint bid to itself and the DoH, if the Council wished to develop the joint service centre concept in the LIFT health and social care centres. Any such opportunities would be actively pursued. It should be noted, however, that the Council is far from any decision about PFI credits, and they cannot be relied upon.

7.13 Over the longer term, savings will arise when existing accommodation is decommissioned, so the budgets can be released to contribute towards the leasing costs. It is also expected that an annual income from investing capital receipts from the land sales will be available. Over the longer term, therefore, funds from existing premises budgets and the capital receipt income will become available.

7.14 It is anticipated that these will amount to at around £40,000 annually, leaving £100,000 to be met from any PFI credits and the revenue budget (assuming a total cost of £140,000 as set out in para. 7.3 above). As £61,500 per year from the revenue budget has already been committed for Braunstone, a balance of £108,500 is potentially available for Charnwood from the £170,000 provision in the 2003/04 DRS, which exceeds the £100,000 required.

7.15 If the Council is able to participate fully in all LIFT Centres over the next five years, then substantial capital receipts and revenue savings will be achieved as current premises are vacated (notably Grey Friars). The Council will also be relieved of the need to invest substantial sums of money into these premises to meet health and safety and structural repairs and maintenance requirements. It is anticipated that other LIFT centres will be less of a cost to the Council than Charnwood, as whilst the office space required may be larger to enable the planned staff relocations, there will not be the Family Centre that comprises a substantial part of the Charnwood costs.

7.16 The longer term costs and funding is therefore uncertain. However, it is the Corporate Director's view that on the balance of benefit and risk, the Council should proceed with the Charnwood Centre. Participation in the remaining Centres can be considered in the future, by which time there should be greater clarity on PFI credits.

7.17 The Chief Finance Officer adds that, notwithstanding provision in the 2003/04 DRS, future years' budgets for Social Services look likely to be under very severe pressure – not participating in LIFT would provide an opportunity to delete the provision made in 2003/04 to help with these pressures.

8. Legal Implications
(Sue Doyle, Legal Services)

8.1 The legal implications for the Braunstone Project are included elsewhere in this report.

8.2 The legal implications for the LIFT Project are in part included elsewhere in the report but otherwise are as set out below.

8.3 There does not appear to be any reason why the Council should not sit upon the Partnering Board as long as the Council's representative does not make any decisions outside of the Council's budget and policy. However the DOH has issued a standard form of Partnering Agreement for setting up a Partnering Board which is extensive and potentially onerous. It visualises that Participants will take shares in LIFTCo and grants to LIFTCo exclusive rights to provide partnering services which include estate planning, estates and facilities management, IT expertise, urban regeneration expertise, property development expertise and property acquisition and disposal expertise to Participants. It also grants to LIFTCo exclusive rights to provide lease plus services to Participants in relation to all new build and other major capital projects. In addition it expects Participants to give indemnities to LIFTCo which are onerous and visualises LIFTCO taking over provision of some existing services which has a TUPE implication for possible staff transfers. In taking part in the Partnering Board the Council should ensure it does not fetter its own discretion or allow responsibility for its functions to be delegated to LIFTCo. It would not be prudent for the Council to sign up to this standard form of Agreement without significant amendments being agreed. It is not clear from the documentation whether the Council's representative could sit on the Partnering Board without the Council signing the Agreement such as in a position of associate member.

8.4 If the Council wishes to participate in the Company the only power available appears to be Section 2 of the Local Government Act 2000 where the Council might use its well-being powers in the improvement of the social well-being of the Council's area. However this

Section does not allow the Council to raise revenue and therefore could not be used if the Council expects a return on any shareholding. We cannot use Section 31 of the Health Act 1999 which is arrangements between NHS bodies and local authorities, because a private sector company is involved. In participating in the Company the Council would have to sign up to a Shareholders Agreement and take on liabilities under the Agreement and there is no guarantee that the Council's capital contribution in purchasing its shareholding would be safeguarded if the Company went into liquidation. The Head of Legal Services should be satisfied that the terms under which the Council participates are within its powers and are not onerous or restrictive on the way the Council exercises its statutory functions.

9. Other Implications

OTHER IMPLICATIONS	YES /NO	Paragraph References Within Supporting information
Equal Opportunities	Yes	Access to services.
Policy	Yes	This entire report has policy implications
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly / People on low incomes	Yes	Access to services.

10 Risk Assessment Matrix

RISK	LIKLIHOOD			SEVERITY OF IMPACT			CONTROL ACTION
	Low	Med	High	Low	Med	High	
Finance							
1. Lease costs higher than estimated	√					√	Estimates based on best estimates from LIFT and preferred bidder
2. PFI credits not available		√				√	Lobbying being carried out at a national level. Without new funding being made available authorities throughout the Country will have difficulty with involvement in LIFT initiatives
3. Space requirements for the family centre exceed the available funding		√				√	Scheme will initially be designed on the basis of existing space estimates. If further space is required, it will not proceed unless additional funding is identified.
Reputation							
1. Financial risk causes the Council to fail to engage in the LIFT initiative		√			√		Sound financial planning and a firm commitment
2. A budget shortfall is caused by involvement with LIFT commitments		√			√		Management of financial risks identified above

Strategic Objectives							
1. RAD's DRS assumes the disposal of GF and other SC&H office bases. Without LIFT will need alternative accommodation to be identified for over 400 staff		√			√		Progress with LIFT participation to be closely monitored, and alternatives considered if necessary
Departmental Objectives							
1. Co-location of services is an accepted priority for SC&H and Health partners. Without LIFT involvement this will be difficult to achieve.		√				√	Control actions described above; efforts to secure PFI credits or other external funding

11. Background Papers – Local Government Act 1972

Reports to Cabinet 29.7.02 and 24.3.03.

12. Consultations

12.1 A Council Project Group has been established with a membership drawn from Council Directorates. Leicester LIFT has developed its own consultation processes, particularly with affected parts of the NHS (including GPs), with the Local Authority and with the public. Extensive consultation has taken place with Braunstone Community Association and Leicester West PCT

12.2 Corporate Directors' Board discussed this report at its meeting on 9th September 2003. Consultation has also taken place between Legal, Finance and Property Services.

13. Report Author/Officer

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