



Leicester
City Council

WARDS AFFECTED
Type in Ward

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Cabinet

7th March 2005

LEICESTER LIFT STRATEGIC PARTNERING AGREEMENT

Report of the Corporate Director of Social Care and Health

1. Purpose of Report

- 1.1 Cabinet will recall that through the Leicester LIFT it is intended to develop six Health and Social Care Centres across the City over the next five years. These will follow the Braunstone Centre which is due to open shortly, and which is funded through the Braunstone New Deal for Communities. The aims are to improve access to primary care services, provide capacity for Customer Service bases offering public access to a wide range of City Council services, to relocate some Social Care and Health staff from the Greyfriars complex and other Council premises, and to enable Social Care and NHS staff to be co-located to promote joint working. The PCT's, City Council and potentially other agencies would enter into long term leases for serviced accommodation in the centres.
- 1.2 This report is supplemental to the report to Cabinet on 16 August 2004 (Appendix 1) which discussed the Council's formal accession to the Leicester LIFT Strategic Partnering Agreement (SPA) with the Leicester Primary Care Trusts (PCT's) and the LIFT Company formed for Leicester. Cabinet authorised the Corporate Director and the Head of Legal Services to determine the whether the Council should enter into the SPA, and if so to execute the agreement.
- 1.3 The terms of the Council's entering into the SPA have now been settled. Notwithstanding that the Cabinet authorisation still stands, the LIFT Company's funders wish for further assurance and comfort as to the use of Cabinet's powers by way of a confirmatory resolution by Cabinet. Members will recall that, on 22nd September 2003 and 16th March 2004, Cabinet gave certain authorisations to Officers to enable the Councils' participation in the Leicester NHS LIFT programme. The project funders however are concerned to ensure that standard and exhaustive wording is adopted by all participants to LIFT documentation to give comfort to them of lawfulness and a confirmatory resolution is now sought. Pro forma wording has been supplied by the NHS Solicitors for these authorisations and it is suggested that the Council follow these as closely as possible; adapted to the particular decisions that are now being confirmed.

The background to these decisions is contained in the previous reports mentioned above and also in this report.

- 1.4 The funders also now require the Council to enter into a Facility Letter, which is not explicitly covered by the Cabinet authorisation.

2. Recommendations

To authorize the Facility Letter and further to authorize the Head of Legal Services to sign it and (unless the need for it has been dispensed with) that the resolutions set out at appendix 2 be considered and passed.

3. Report

- 3.1 The two City PCT's and the Leicester LIFT Company signed the Strategic Partnering Agreement on 18th August 2004. The first phase of projects was also signed off at that time. Notwithstanding the resolution of Cabinet on 16th August 2004 authorising the Corporate Director and the Head of Legal Services, the funders of the LIFT Company now wish for further assurance and comfort in the form of a confirmatory resolution by Cabinet as attached at Appendix 2.
- 3.2 The Facility Letter is essentially comfort to the funders as to the long-term intentions of the parties (including the City Council) to enter into serviced accommodation agreements. As such the Facility Letter is actionable should these long term intentions not be fulfilled.
- 3.3 The Council in the Facility Letter is being asked to provide two specific assurances. One would restrict the Council's ability, as a tenant, to terminate the lease(s) it proposes to take from the LIFT Company. The second assurance relates to a subsequent phase of facilities known as "Tranche C". The LIFT Company has obtained a bank facility to cover non-project specific costs (for example general preparatory and set-up costs that do not relate to a specific centre) for that phase. The project companies set up by Leicester LIFT Company Limited are expected to repay this facility as a result of completing 9 projects through subsidiary project companies (the only health and social care centre expected to be included in this tranche is Charnwood; the other eight projects are expected to be entirely for the NHS).
- 3.4 If this does not happen by 18th August 2009, the Council will be expected to use all reasonable endeavors to exercise whatever rights we have in respect of the LIFT Company (which in practice will be through the enforcement of rights under the Strategic Partnering Agreement) to procure that this bank facility is re-financed. The facility letter also provides that the cost of the facility and the non-project specific costs will be recovered through subsequent projects. The Council are, subject to contract, desirous of taking accommodation at the Charnwood Centre and some of the non-project specific costs will therefore be passed on through that project, and the effect of this on the Council is a matter for agreement by the proposed tenants of that site.

4. Financial and Legal Implications

- 4.1 Whilst signing the Strategic Partnering Agreement will add to the weight of the Council's commitment to the LIFT programme generally and the Charnwood Centre specifically, no specific additional financial implications over and above existing commitments are expected to arise.
- 4.2 The Facility Letter is required because the banks funding the local LIFT Company require assurance that the set-up costs which would normally be recovered through the management fees for the serviced accommodation under the Lease Plus agreement will be paid even if the schemes do not go ahead. There should be no direct financial implications for the Council of seeking to ensure that the facility is refinanced, in the event that the projects are not completed by August 2009. However, assuming that the Council's liability is limited to the proportion to the space that the Council plans to take within the Charnwood Centre, the liability for the non-project specific costs could be in the region of £110,000 (although this would be a matter for negotiation as part of the proposed tenancy).
- 4.3 Members are also asked to note that work is well under way on the Outline Business Case for the £10.4 million of PFI credits that were provisionally awarded by the Government last year. It is expected that this will support the Council's participation in four of the six planned centres. Work is therefore progressing on submission of a further bid for PFI credits for the remaining two centres, following an invitation from the Office of the Deputy Prime Minister, Department of Health and the Department for Culture, Media and Sport. (Colin Sharpe, Head of Finance, ext. 8800)

Other Implications

Implications	Yes/No	Paragraph Reference
Finance	Y	All
Crime & Disorder	N	No
H.R.A.	N	No
Legal	Y	All
Equal Opportunities	N	No
Sustainable & Environmental	N	No
Elderly/low Inflation	N	No

Background Papers

Facility Letter.
Correspondence passing with project solicitors.
Draft Strategic Partnering Agreement
Draft Accession Agreement

Consultation

Chief Finance Officer.
Social Care & Health Department.

3. Report Author/Officer to contact:

Joanna Bunting
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DECISION STATUS

Key Decision	Yes
Reason	Significant in terms of its effects on communities living or working in an area comprising one or more ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Cabinet