

Yorkshire and the Humber Strategic Health Authority

Friday 1 December 2006

Leeds Local Improvement Finance Trust (NHS LIFT)
Tranche 2 Stage 2 Business Case

Purpose of this paper

- To seek conditional Board approval of the Business Case for Leeds LIFT and of submission to the Department of Health's Private Finance Unit for approval.

Rob Cooper
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Yorkshire and the Humber Strategic Health Authority

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Executive Summary

1. This paper is to seek the Authority's conditional approval to the Leeds Local Improvement Finance Trust Tranche 2 Stage 2 Business Case for the development of three primary care centres at East Leeds, Lower Wortley and Wetherby.
2. The current primary care centres fall below the standards expected by patients and do not provide an appropriate setting for modern health care.
3. The project proposed is to be procured through the NHS LIFT and has a total capital cost of £28m and revenue cost of £2.224m based on financial close at the end of December 2006. The contract with Leeds LIFT Ltd is for 25 years from practical completion. Approval by the Department of Health Private Finance Unit is required as the capital cost of the scheme exceeds £25m.
4. The Capital Management Group approved the case on 20 November 2006 subject to one outstanding issue that needs to be resolved.
5. The Board is asked to approve the case subject to the conditions outlined below and approve submission to the Department of Health's Private Finance Unit.

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Background

6. The business case is for the development of three NHS LIFT schemes in East Leeds, Lower Wortley and Wetherby. The schemes will provide patients with an enhanced range of services from quality, modern, purpose built environments that are flexible for future service provision. They will provide more locally accessible, integrated service provision and will improve the Practices abilities to manage long-term conditions.
7. The Strategic Services Development Programme (SSDP) 2 was approved by the West Yorkshire Strategic Health Authority on 10th April 2006. Whilst the SSDP outlines an ambitious programme of developments to be delivered by Liftco it is noted that the strategic direction and future planning and development will be fully informed by Making Leeds Better. This is a partnership programme of agencies within the health and social care community aimed at radically improving the health and well-being of the people in Leeds. Making Leeds Better is currently developing its Strategic Services Plan. However it is agreed that development of the primary and community infrastructure will be achieved through the LIFT mechanism as well as GP led PFI schemes.
8. The Stage 1 Business Case has been approved by West Yorkshire Strategic Health Authority. The Department of Health's Private Finance Unit gave Stage 1 approval on 26th May 2006.

Summary of the Tranche 2 Stage 2 Business Case

9. The East Leeds Primary Care Centre will replace existing outdated and functionally unsuitable premises in the Harehills locality. It will bring together the varied services offered currently from three different sites into a purpose built facility providing a focal point for healthcare provision within the community as prescribed by the Making Leeds Better work streams. East Leeds Clinic, Shaftesbury Medical Centre GPs, Garden Surgery GPs and some additional services will all transfer to the new development.
10. The Lower Wortley Primary Care Centre will accommodate three existing GP Practices (Butt Lane, Hawthorn and Dixon Lane) together with PCT services serving the Wortley locality. The development will facilitate the GP's and the PCT in improving services and providing a greater range of services in locally accessible facilities, thereby more fully meeting the public health needs of the Wortley population.
11. Re-provision of the three GP practices in a new purpose built healthcare facility will address the current problems of poor accommodation, cramped space, lack of facilities, and dissatisfaction of patients with facilities, and failure to comply with statutory Disability Discrimination Act compliance.

12. Wetherby Primary Care Centre will facilitate the relocation of services from an existing health centre that is in poor condition and incapable of expansion to deliver modern healthcare needs. It will enable both the PCT and GP services to expand and offer a broader range of service provision within the locality. The proposed development is for a new building on a new site in the town centre of Wetherby.
13. The schemes will be procured through NHS LIFT. Primaria (Leeds) Limited is the Private Sector shareholder in Leeds LIFT Limited. Primaria (Leeds) Limited is a company jointly owned by Miller (Leeds) Limited and Barclays Private Equity. Debt funding is to be provided by GPFC.
14. It is proposed that the PCTs will take Head Leases for health space within the three buildings (initially for 25 years) and will sub let to the GP Practices for their space. All GP's have expressed their support, in principle, to relocation into the premises, dependent upon the terms being agreed.

Capital and Revenue cost of the LIFT scheme

15. The construction cost of the three schemes is £19m. Including land; fees and rolled up interest the capital cost for the purposes of delegated limits is £28m. The annual revenue cost is £2.224m.

Scheme Name	Construction Costs (£)	Annual Revenue Costs (£)
East Leeds Primary Care Centre	£6,666,570	£813,018
Lower Wortley Primary Care Centre	£6,152,105	£664,356
Wetherby Primary Care Centre	£6,181,555	£746,276
Totals	£19,000,230	£2,223,650

Commissioner Support

16. The new Leeds PCT Board has confirmed their full support for the schemes.

Value for Money

17. The District Valuer has confirmed value for money.

Affordability

18. The net additional annual cost of the three schemes is £1.991m after existing revenue resources have been transferred. The former Leeds PCTs confirmed provision in their Medium Term Financial Plans to cover the costs of the schemes and declared in writing that they are affordable, The new PCT Board's support confirms this.

Other

19. Full Planning Permission for all the schemes has been secured.

Current Position and Action to Take

20. The business case is outside the delegated limits of the Strategic Health Authority. Due to its capital cost Department of Health PFU approval is required.

21. The Capital Management Group has approved the case subject to one outstanding issue being resolved. There are no significant problems expected in resolving this issue which is as follows:

- Receipt of audit opinion re off balance sheet accounting;

22. The Board is asked to approve the Business Case subject to this issue being resolved and to approve submission of the case to the Department of Health's Private Finance Unit.

Next steps and Timeframe

23. The Strategic Health Authority will need to seek resolution on the above issue prior to the next Board meeting. Financial Close is expected by the end of December 2006 with practical completion by the end of July 2008 for all three schemes.

Recommendation

24. That the Board approve the Business Case subject to the outstanding issue being resolved to the Strategic Health Authority's satisfaction.

25. That the SHA work with the PCT to resolve this issue prior to financial close.

Rob Cooper

Deputy Chief Executive/Director of Finance and Investment