

Meeting of the Cabinet – 11th February, 2009

**Joint Report of The Director of Adult Community and Housing Services,
and the Director of Finance**

Dudley Local Improvement Finance Trust (LIFT)

Purpose of Report

1. To update the Cabinet on progress with the LIFT project, which is the vehicle by which the Council will secure new accommodation for Social Care staff, co-location with the local NHS and support for re-generation of the Lye and Dudley area.
2. To obtain necessary approval from Cabinet for the Council to develop the next Health and Social Care Centre in Lye, in partnership with LiftCo and the PCT.
3. To obtain approval from Cabinet to bid for further PFI credits to support the final Health and Social Care Centre in Dudley.

Background

4. As part of the NHS Plan published in 2000, funding was made available for investment in primary health care facilities. One of the funding methods available to Primary Care Trusts (PCTs), certain other NHS bodies and Local Authorities for the delivery of health and social care facilities is through a Local Improvement Finance Trust (LIFT). The principle is similar to PFI or a Public Private Partnership with the private sector partner providing capital investment and facilities management through a joint venture company (LiftCo), which grants leased facilities to PCTs and/or Local Authorities for 20-25 years.
5. Dudley PCT obtained approval to create the Dudley LIFT in August 2002 and sought public sector partners to participate in this initiative.
6. The Dudley LIFT Project is based on a service model of joint Health and Social Care centres, providing primary care, social care and related specialist services in the Borough.
7. The objectives of co-locating health and social care services are to:
 - Provide fully integrated health and social care services under one roof;

- Provide assessment, care and treatment closer to home;
 - Enable full partnership working.
8. The overall strategy has been to develop Health and Social Care Centres in each of the five population centres in the Borough. The first scheme, Ladies Walk in Sedgley, opened in 2001. The proposed Dudley Hub scheme described below will complete the programme.
 9. The position of the joint Health and Social Care centres are illustrated in the map in Appendix A, shown within the five townships.
 10. Ladies Walk has won two national awards for most innovative Scheme and an award from the 4Ps for "Community Excellence". Brierley Hill Health and Social Care Centre has recently been awarded the "Best of Black Country Award" for Regeneration.
 11. The Council's Executive at its meeting on the 28th November 2002 resolved:
 - The Council should be named as a Contracting Authority in the Official Journal of the European Communities Notice (OJEC Notice).
 - That the Chief Legal and Property Officer be authorised to agree Terms of Reference and enter into a Strategic Partnering Agreement without exclusivity, and the other necessary documents in connection therewith.
 - This was reported to and approved by the Council at its meeting on 20th January 2003.
 12. To ensure the Council could demonstrate effective use of resources, Donaldsons, an independent property and asset management consultancy was appointed to evaluate the benefits and value for money of this initiative in relation to the potential increased costs.
 13. The main conclusions from the Donaldsons' assessment were as follows:
 - Based on the cost estimates provided by the PCT using the approved government assessment model, the costs of accommodation provided through LIFT Co is similar to equivalent new office accommodation when account is taken of the transfer of risk with a capped budget, and other factors.
 - There would be significant improvement in the quality and integration of health and social care services under a LIFT facility.
 14. The Executive at its meetings on 4th June 2003 resolved that LIFT Co accommodation for the Brierley Hill Social Services Teams be taken up in shared premises with the Dudley Primary Care Trust.

15. The first tranche of schemes delivered by LIFT in Dudley comprised:

- A learning disabilities assessment and treatment centre at Ridge Hill; this facility opened in October 2006;
- A Health and Social Care Centre at Stourbridge (the former Corbett Hospital site), including office accommodation for the Community Team for Learning Disabilities (CTLD), which opened in October 2007
- A Health and Social Care Centre in Brierley Hill, which is under construction with an expected completion date of February 2010. The Older People's Team and the district Housing Office will be co-located in the DACHS accommodation at the Brierley Hill Centre.

16. During early 2005 it became clear that there were a number of outstanding financial and affordability issues relating to the Brierley Hill Centre. The Cabinet, at its meeting on the 16 June 2005 resolved:-

- That the Cabinet confirm the intention to enter into the Dudley LIFT Partnership, when the value for money and affordability issues with the Brierley Hill Centre have been resolved.
- That the Chief Executive and the Director of Social Services be authorised to continue negotiations.

17. The problems with the Brierley Hill site necessitated an application to Advantage West Midlands for a grant of £5M to carry out re-mediation works, which enabled the scheme to proceed. The Council worked closely with the Brierley Hill Regeneration Partnership and Westfield Plc, the owner of the site.

18. In December 2006, Cabinet agreed that

- The Council should enter into the Strategic Partnering Agreement, subject to the execution of a Deed of Accession on a non-exclusive basis.
- The Director of Law and Property should be authorised to Finalise, agree and execute on behalf of the Council the Lease Plus Agreement for the Brierley Hill Centre

19. Financial close of the Brierley Hill scheme was achieved on 15th June 2007.

20. At financial close, the Council entered into a Lease Plus Agreement for the accommodation it is going to lease from LIFT Co. This Agreement sets out the conditions agreed between the tenants (DMBC and the PCT) and the landlord (LIFT Co).

21. The Council also entered into the Strategic Partnering Agreement by way of a Deed of Accession so that it became a member of the Strategic Partnering Board in Dudley LIFT and can procure other schemes through LIFT Co. The Council is a party to the Strategic Partnering Agreement on a non exclusive basis, so that it is free to procure the provision of health and social care facilities from third parties. The Director of Adult, Community and Housing Services is the Council's representative on the Board. Additional local authority representation may be appropriate in the future as LIFT can be a vehicle for wider capital developments and this opportunity now covers the whole of the borough.

Lye Health and Social Care Centre

22. The Council and PCT have been working together to develop proposals for the next in the programme of Health and Social Care Centres, to be located in Lye. The centre is likely to house the following services:
23. **Three GP practices** (the Limes; Pedmore Road and a nearby single-handed practice – seven GPs in total - and associated GMS services; community nurses; other services – dentistry; speech therapy; counselling; and other community based services.
24. **DACHS Older People's/Physical Disability Teams** in Stourbridge and Halesowen which deliver assessment and care management services to frail elderly people and adults who have a physical or sensory disability or a long-term chronic illness, and the Home Care service.
25. The teams would be located with the district nursing teams within each hub in order to facilitate the single assessment process, integrated care packages, full access to therapy and a person centred approach.
26. The following services for older people would be delivered from the centre - social care, intermediate and respite care; access to day services; domiciliary care service bases; carer support services; falls prevention programmes; public information.
27. The Stourbridge district Older People's/Physical Disability Team is currently located at Wollescote Hall in Stourbridge, which is a Grade 2 listed seventeenth century building. It does not offer access for disabled people to the upper floors and the office accommodation leaves no room for expansion. The property is subject of a number of restrictive covenants; approval has to be sought from the Secretary of State even for minor alterations to the building. The geographical location of the office – a mile from the town centre - does not offer easy access to the public.
28. The Halesowen district Older People's/Physical Disability Team is based in the old town hall in the centre of Halesowen. The building is no longer fit for purpose with staff working on three floors. Access for disabled persons is limited to the ground floor. An immediate solution in Halesowen

is being developed currently with a final decision re: inclusion or otherwise being made later.

29. **The Lye Advice Centre** on Lye High Street provides a successful resource for advice and guidance to members of the ethnic communities across a wide range of client groups including for example, those with mental health needs or learning disability. The Centre also provides day time activities for older people with disabilities, an Asian Women's group, Saqoon Asian Mental Health project. The current accommodation is an old property that no longer meets the requirement of the service.
30. **Lye Library** is located on the High Street in Lye. The library is one of the smallest in the borough. Re-provision of Lye library was not included in the library modernisation plan approved in 2007 but could potentially be addressed through the LIFT development.
31. The new building would provide office accommodation for 145 staff in total. Initial calculations indicate that DMBC will require approximately 1750 square metres of accommodation in the new Health and Social Care Centre. 1550 sq m will accommodate office accommodation for Social Care and admin staff and managers; meeting rooms; waiting and reception area; interview rooms. The remaining 200 sq m would house the library.
32. Two sites are currently under consideration. The preferred site lies behind the High Street, but may not be large enough when the Schedule of Accommodation is completed and car parking needs and other planning requirements are known. The second option is the Roisin site on the other side of Lye Cross.

Dudley Health and Social Care Centre

33. The PCT is also developing plans for a new Health and Social Care Centre in Dudley, which would form part of the re-generation of the town centre. The Council is working with the PCT on this scheme which is also likely to be procured via LIFT.
34. The centre is currently known as the Dudley Hub. The key aim of this facility is to provide a wide range of clinical and social care services which meet the needs of the population of the northern part of the borough of Dudley.
35. The scheme will complement the Town Plan and fit with the regeneration agenda for Dudley town centre.
36. A project team was set up to develop the scheme in late 2007. Representation from all the key agencies has ensured that the overall outcomes from work completed to date reflects needs as assessed by both the PCT, Beacon and Castle cluster GPs and Dudley MBC.

37. The Hub will comprise a walk-in centre; accommodation for GPs to serve a population of 20,000; counselling/interview rooms; dentistry; OT; physiotherapy and speech and language.
38. The Hub will also provide office accommodation for staff from the DACHS Older People and Physical Disability team, who are currently housed in a portacabin at Netherton Health Centre.
39. The PCT commissioned Bournville architects to develop a schedule of accommodation. The total square meterage of the building will be 3133 of which the DMBC area would be 501.
40. The outline capital cost of the Hub would be £14.6M. Detailed PCT revenue costs are currently being assessed.
41. The PCT has also developed proposals for a Health Improvement Centre in Kates Hill, but it is not envisaged that any DMBC staff would be located in this facility. The PCT is keen to involve local community interests in planning this facility.
42. The increased revenue costs associated with both the Dudley Hub and Kates Hill have still to be discussed within the PCT's overall decision-making on strategic revenue priorities
43. The PCT Board agreed in December 2008 that its partnering agreement with LIFT, which previously applied only to the former Dudley South PCT area, should be extended to cover the whole of the Borough. This means that the Dudley Hub will probably be procured via LIFT.
44. Proposals for the Dudley Hub are less well-developed than for Lye; a further report will be brought to Cabinet when full details of the scheme are known.
45. The Lye and Dudley Health and Social Care centres will provide first class office accommodation, replacing outdated and unsuitable premises – a visible transformation of public services in a deprived community in the borough, which will contribute to the regeneration of the area. A better physical environment will improve recruitment and retention of staff.
46. Co-location of services for elderly and disabled people with primary health care – GPs, dentistry, pharmacy, walk-in health services; health promotion and day surgery - will promote the development of preventive services and healthy living in line with the White Paper 'Our Health, Our Care, Our Say'. Co-location will also assist in the development of a new breed of joint health/social care professionals, providing long term flexibility for all partners.
47. The centres will offer an opportunity to re-design integrated services in partnership with the NHS, which will achieve efficiencies and economies of scale. The Local Government White Paper; the Varney review and

Comprehensive Area Assessments all envisage a public service transformation to achieve improved access to services and greater efficiency.

48. LIFT in Lye will promote social inclusion by engaging minority ethnic communities who already access the Lye advice centre. Co-location of the library with primary health and social care will permit longer opening hours and will enable patients/service users to take advantage of the facilities offered by the library e.g. internet access; health information.

Other LIFT schemes

49. In the South of the borough, the Council is working with the PCT and LIFTCO on the replacement of GP premises in Colley Gate but the Council will not be placing staff into this scheme or signing up to a lease plus agreement.

Finance

50. The Lye scheme is at an early stage of development, and a definite site has not yet been identified. It is possible, however, to calculate the probable costs of the scheme, based on the amount of office space the Council will need and the cost per square metre at the Brierley Hill LIFT building. The estimated cost of the lease payment would £465,000 per annum
51. Support can be allocated by central Government departments to local Councils towards the cost of the capital element of PFI projects. Confirmation of the grant and the level of capital investment which will be supported are issued as a 'PFI Credit' in the form of a letter from the sponsoring department.
52. The Cabinet Member for Adult Social Care agreed on a Decision Sheet in May 2008 that the Council should apply for a PFI credit from the Department of Health.
53. The Council submitted an Expression of Interest for this purpose, in May 2008, which set out details of the scheme, its costs and how the scheme meets Department of Health criteria such as partnership working between health and social care, innovation and social inclusion.
54. The Council was notified in December 2008 that our application for PFI Credits of nearly £7m (exact figure - £6,965,092) had been agreed subject to submission of an outline business case to the Treasury's Project Review Group later in 2009.
55. The PFI credit would reduce the Council's financial commitment to the scheme by £383,000 per annum over the 25 year period of the lease.

56. The buildings vacated at Wollescote Hall and Halesowen Town Hall could be used for other Council services. . There will also be a small saving on the rent for the Lye Advice Centre and on other accommodation currently occupied by small numbers of home care staff at Ellenvale, Ladies Walk, Tiled House and Dudley Day Centre.
57. The Department of Health is holding a further bid round for PFI credits in 2009. The lease cost to the Council based on the cost per square metre at Brierley Hill will be much less than Lye as we will occupy a smaller part of the building (500 sq m compared to 1500 sq m). Nevertheless, it would be prudent to take the opportunity to bid for further PFI credits to DH to offset the costs to the Council of the Dudley Hub.
58. The remaining costs to the Council of this improved accommodation should be contained within the funding likely to be available to DACHS from 2011-12 onwards. If additional funding were needed this would be sought through the 2010-11 budget review process. This was not included in the 2009-10 budget review process as approval of the PFI credits was received too late to be included.

Law

59. The Council may do anything incidental to, conducive to, or which facilitates the discharge of its functions under Section 111 of the Local Government Act 1972.
60. The Council's functions in this case will be those related to the provision of premises and facilities for Social Care purposes, including the exercise by the Council of its powers and duties under Social Services legislation such as the Community Care Act 1989, the Health Act 1999 and the Local Government Act 2000.

Equality Impact

61. Integration of services and new/improved facilities will support equal access to services for people from different ethnic groups, disabled people, and other groups such as young people.

Recommendations

62. It is recommended that Cabinet:

- Approve the development of the next Health and Social Care Centre in Lye, in partnership with LiftCo and the PCT.
- Approve a bid for further PFI credits to the Department of Health to support the Health and Social Care Centre in Dudley.



Director of Adult Community and Housing – Linda Sanders



Director of Finance – Mike Williams