



APPENDIX 1 NOT FOR PUBLICATION
Exempt / Confidential under Rule 10.4 (3)

Joint report of the Director of City Development and the Director of Adult Social Services

Executive Board

Date: 12th February 2010

Subject: Holt Park Wellbeing Centre – Affordability Position

Electoral Wards Affected:

Horsforth
Weetwood
Adel and Wharfedale

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

EXECUTIVE SUMMARY

- 1 The Council's Executive Board at its meeting on 14th October 2009 approved the submission of an Outline Business Case (OBC) to the inter departmental Treasury lead Project Review Group (PRG) for £32 million of PFI credits for the Holt Park Wellbeing Centre project.
- 2 The HPWC project aims to develop a fully accessible Wellbeing centre which combines treatment, rehabilitation and hydrotherapy facilities with multipurpose and leisure facilities which are prioritised for older people and people with learning and physical disabilities and are also available to the general public. In addition to greater integration of services the new centre will promote and support greater health and wellbeing across the community and greater engagement of all groups within the community.
- 3 The HPWC project proposes to replace existing social care, and Leisure facilities with a new purpose built integrated facility adjacent to and providing an important link between the Holt Park District Centre and the new Ralph Thoresby High School (which includes the community library and theatre, sports hall and outdoor pitches)

- 4 The OBC was considered by PRG on 15th December 2009 and further financial modeling was requested based on a revised Credit calculation advised by PRG. The original calculation had been based upon guidance received from CLG and DoH. The revised Credit calculation identifies a PFI Credit allocation of £30.676 million a reduction from the original £32 million.

Approval is sought to the affordability position and revised sensitivity modeling.

- 5 Members of the Executive Board are recommended to:
- a) Note and agree the revised estimated affordability implications and sensitivity analysis over the life of the proposed PFI Contract for the Holt Park Wellbeing centre, summarised in table 1 of the confidential appendix to this report;
 - b) Agree to the recommendations to the confidential appendix to this report and authorise officers to issue the City Council's affordability thresholds relating to the PFI project to the LEP and to Environments for Learning.

1.0 INTRODUCTION

- 1.1 The purpose of this report is to update Members' and seek Members' approval to the revised affordability position for the project. Appendix 1, which includes the financial implications of the project and has been circulated separately and remains confidential under Access to Information Procedure 10.4 (3) for the reason set out in paragraph 6.1.

2.0 BACKGROUND

- 2.1 The Council's Executive Board gave approval to submission of an Outline Business Case (OBC) to the DoH and PRG for £32 million PFI Credits to design, build, finance and operate a Wellbeing Centre at Holt Park to replace the existing social care and leisure facilities.

3.0 SUMMARY OF HOLT PARK WELLBEING CENTRE PROJECT (HPWB)

- 3.1 The HPWC project aims to develop a fully accessible Wellbeing centre which combines treatment, rehabilitation and hydrotherapy facilities with multipurpose and leisure facilities which are prioritised for older people and people with learning and physical disabilities and are also available to the general public. The new facility will replace ageing and poorly designed day centres and a leisure centre at Holt Park. In addition to greater integration of services the new centre will promote and support greater health and wellbeing across the community and greater engagement of all groups within the community.

4.0 PRG REVIEW OF OBC

- 4.1 The OBC was submitted to DoH on 11th September 2009 and subsequently reviewed by DoH and Partnerships UK (PUK) who recommended approval of the OBC in their report to PRG.

- 4.2 On 15th December 2009 PRG reviewed the HPWC OBC. PRG did not approve the OBC for the following reasons and requested that a further financial model using a different methodology is submitted to the next PRG meeting on 25th January 2010.

The PRG has not approved £32 million of PFI credits, requiring that:

1. The PFI credit is recalculated in accordance with CLG Guidance and this is approved by the sponsoring department;
2. The affordability position of the project is reassessed in line with the changes to the PFI credit calculation;
3. The revised affordability position is approved by the Council's Cabinet Committee; and
4. This analysis and supporting evidence is provided to the PRG secretariat.

- 4.3 The Council had applied the methodology for the calculation of the PFI Credit based on advice from CLG and DoH however PRG has requested that an alternative methodology is used and the outcome of this revised methodology is summarised at Appendix 1.

- 4.4 Based upon the alternative methodology the project remains affordable within the original affordability envelope approved by Executive Board on 14th October 2009. However further sensitivity analysis has been undertaken which demonstrates the impact on the revised affordability of sensitivities in relation to increases in construction cost inflation or SWAP rates and these implications are identified at Appendix 1. Adult Social Care and Sport and Active Recreation have confirmed that should these sensitivities occur the service areas could meet the affordability envelope identified.

5.0 OPTION APPRAISAL

- 5.1 Numerous options have been discussed with DoH, CLG and PRG secretariat and the final methodology agreed.

- 5.2 The OBC concludes that the project structured and delivered on the basis set out in the OBC provides value for money.

6.0 FINANCIAL ISSUES

- 6.1 See Confidential Appendix Number 1

Appendix 1 to this report contains information which if disclosed to the public would, or would be likely to prejudice the commercial interests of the Council. The Appendix contains commercially sensitive information which if disclosed may prejudice the future negotiation of the contract for the project.

7.0 PROJECT DELIVERY

- 7.1 The project programme indicates contract close in July 2010 subject to approval from the Department for Health and Project Review Group (PRG).

- 7.2 The first stage of procurement through the LEP has commenced and evaluation of the Stage 1 submission from the LEP and its supply chain has commenced.

8.0 RECOMMENDATION

8.1 Executive Board is requested to:

- a) Note and agree the revised estimated affordability implications and sensitivity analysis over the life of the proposed PFI Contract for the Holt Park Wellbeing centre, summarised in table 1 of the confidential appendix to this report;
- b) Agree to the recommendations to the confidential appendix to this report and authorise officers to issue the City Council's affordability thresholds relating to the PFI project to the LEP and to Environments for Learning.

Appendices

Appendix 1 – Financial Issues

Background Papers

Executive Board Report – 26th August 2009
Holt Park Outline Business Case