



Report of the Chief Officer of the PPPU and Director of Children's Services to the Executive Board

Date: 16th July 2008

Subject: Independent Living PFI Project Update.

Electoral Wards Affected:

All

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

This report summarises the position achieved at Financial Close in the Independent Living Project and sets out progress on and changes to the Children's Services PFI Scheme since it was considered by the Board in August 2007 with associated costs. The original Children's proposal was to use PFI credit to:

- build and equip a residential unit for learning disabled young people with very challenging behaviour and/or autistic spectrum disorder, and
- to re-build and equip a residential unit providing short breaks for disabled children and young people.

The report seeks approval to change the scope to build only the 12 bed short break unit, because of the projected costs of the buildings and the consequent response of the DCSF.

1.0 Purpose Of This Report

This report provides details of progress on the Independent Living Project and seeks approval for an alteration of scope to the Children's PFI Project, which has come about as a consequence of affordability issues. It also seeks agreement for the Children's Project to be implemented through a City Council Change Order to the wider Independent Living Project.

2.0 Background Information

- 2.1 The Independent Living Project (ILP) is a modernisation project launched by Leeds Social Services Department which aims to significantly improve housing, care and housing-related support services for adults with a learning disability and adults with mental health needs in Leeds.
- 2.2 The Adult's element of the Independent Living Project reached financial Close on 9th June 2008. During the final negotiations and close process significant savings were achieved, with the result being a closing position which was below that detailed in the Final Business Case and approved by Executive Board. Executive Board previously approved an affordability ceiling of £5.113m Unitary Charge for the first full year of the contract, however the final position results in a Unitary Charge of only £4.942m. Over the life of the contract, the Net Present Value of the total Unitary Charge payable is £1.32m less than that included within the Final Business Case. These savings have been achieved without compromising the scope of the project, which will deliver significant benefits to people with learning disabilities and mental health needs in Leeds. The improvements that this project will bring have already been given national recognition, with the project winning the 'Customer Service' award at the 4ps National Awards for Excellence on 19th June.
- 2.3 In addition to the Adult's project, the City Council has also been pursuing a Children's PFI project, as subsequent to the formal approval of the ILP for adult service users, additional PFI credits became available to support the Every Child Matters agenda (£60m nationally from 2005-08). The Director of Children's Services submitted a bid which met the criteria established for the PFI funding and the priorities of the Children and Young People's plan. The DfES confirmed in December 2006 that the Leeds children's bid had been successful and that £5m credits, which was the limit for any one Local Authority, had been awarded.
- 2.4 The Children's PFI scheme initially involved two separate projects. Project 1 with a working title of 'Transitions Unit' to develop a new residential service for learning disabled young people with very challenging behaviour who are likely to be on the autistic spectrum, and Project 2 involves the re-provision a 12 bedded short break residential unit for disabled children and young people currently provided at Broom Court.
- 2.5 In September 2007, following the approval of the Executive Board, and the selection by Adult Services of the preferred bidder, LILAC, work commenced on the design of the buildings. Consultations with stakeholders took place, and an options appraisal for the care services procurement took place, and in January 2008, an estimate of cost was received. Whilst all targets were met for work to be undertaken, by February 2008 it was becoming clear that that the affordability gap represented by the costs and life cycle of both buildings was too great to be affordable. A report was therefore submitted to the DCSF outlining the circumstances and requesting that additional credit be made available to enable the council and partners to proceed as planned. In the event that no additional credit was available, the DCSF was asked to consider allowing the authority to proceed with one building project only. The submission suggested that the re-build of the short-break unit would be the priority for the authority because of the number of placements involved and issues with the current building. DCSF response was to offer £4.5m credits for Project 2, the 12 bed short break unit only.

3. Analysis of Need

- 3.1 Children and Young People's Social Care Services are provided to a large number of children and young people who are in need because of a range of impairments and/or life limiting illness. The majority are supported in their own families.

For some disabled children and young people and their families, regular short breaks are provided by the service in order to increase their life opportunities and choices and to provide the families with some respite. These short breaks are provided either at one of our residential homes or through the Family Placement scheme and other shared care arrangements.

- 3.2 The needs of the young people who would have been accommodated in the proposed 'transitions unit' will continue to be met through a range of out of area placements, short breaks and other residential resources in the city. The land on the Ridgeside site that had been identified for the 'transitions unit' will not be used for any other purpose at the present time. Future plans for social care – adults and children – include a commissioning programme to meet the needs of all young adults whose needs will endure into adult services. The authority will continue to explore with its partners, any capital and revenue funding that could be used to develop services to meet these young people's needs.

4. Short Break Residential Unit

- 4.1 The £4.5m PFI credits can be used to build a replacement for our current provision at Broom Court. This short break unit currently provides short breaks for up to 120 disabled children and young people every year. The majority of the users have learning difficulties and physical impairment, a growing number are on the autistic spectrum disorder continuum and exhibit challenging behaviour. Short breaks of 5-7 days are offered on a 6-8 week cycle, and all families are offered at least one break during the summer school holidays. The service is very highly valued by parents, children and young people and demand exceeds supply.

- 4.2 The re-provision of the short break unit was identified as the priority build for Children's Services for the following reasons:

- the short break unit will benefit approximately 120 young people a year – many more than will benefit from the residential unit.
- Broom Court falls short of registration requirements and cannot be refurbished, therefore a new unit to replace the existing one is required to be provided by the City Council if a shortfall in service provision is to be avoided.
- The new unit would be accessible to wheelchair users throughout – the existing service is on 2 floors and is not accessible throughout.
- Improved inclusion across children's services means demand is increasing for flexible short breaks.
- Three beds of the new unit have been designed to offer an accessible self help unit for 14-18 year olds, which will benefit approximately 30 14-18 year olds.
- There is an increasing national policy emphasis on the provision of short breaks for disabled children and young people.
- No separate but dependent procurement of care staff is required alongside the procurement of the accommodation, as care will largely be provided by existing care staff.

- 4.3 The plan is for the new building to be located on the former Victoria Park school site in Armley, adjacent to two bungalows being built as part of the adult scheme. The new build will be on one storey only, and has a dedicated 3-bed area for disabled young people to be supported learn skills in independence. The building is being designed to

ensure safe care and supervision, whilst providing quality opportunities for the children and young people. All of the bedrooms will have ensuite shower rooms, for example and there will be a large indoor play area, sensory room and garden that can be used by children with severe mobility impairments.

5.0 Main Issues

- 5.1 Following agreement to the two projects being given by the Executive Board in August 2007, building design plans were developed. At that time, financial modelling indicated that the annual unitary charge for both buildings would be in the region of £170,000.
- 5.2 To ensure the safe care of the children and young people, many of whom have complex and challenging needs, the designs have had to meet key requirements which have affected the projected costs. Examples of these requirements are:
- Larger than anticipated circulation areas to allow wheelchair access throughout.
 - Larger than anticipated bedrooms to allow room layouts required.
 - 3m high ceilings in the residential unit to prevent damage or injury.
 - High specification fittings to prevent damage or injury.
 - Number of discrete areas required to ensure comfort of children and young people.
 - Significant technological infrastructure requirements.
- 5.3 The bid price that was received in March 2008 resulted in an annual cash flow deficit of £340,000 in the first full year (2010/11) and a total deficit of £15.7m over the life of the project. This exceeded the affordability threshold targets of £0.361m in the first full year and £10.5m over the life of the contract, agreed by Executive Board in January 2008.
- 5.4 Appendix 1 lays out the financial parameters which will apply if the Executive Board decide to proceed with the option of building the short break unit using the PFI credits of £4.5m now offered by the DCSF for this project alone.

6.0 Implications For Council Policy And Governance

- 6.1 The Children's Services project will help deliver the Council's policy commitments with regard to the provision of services to disabled children and young people.
- 6.2 The children's project is managed and supported by a Project Board with representation from the Children and Young People's Social Care Services, the Director of Children's Services Unit, Education Leeds and the Health Trusts. The Project Board reports through the Children and Young People's Social Care Commissioning Board to the Social Services Independent Living Project Board which has delegated authority to make decisions on procurement issues.
- 6.3 Arrangements are in place to report to the Integrated Strategic Commissioning Board which is part of the Children's Trust arrangements, to ensure that there is commitment from all partners in Children's Services to the PFI project and the service to be offered. The projects are sponsored by the Chief Officer Children and Young People's Social Care.
- 6.4 A Programme Manager has been working on the project since July 2007. A full stakeholder consultation has taken place, including disabled children, young people and their families. Disabled children and young people have been asked to name the new unit (current front runner is Rainbow House). An exercise is currently being undertaken to audit up to date needs and service delivery within all disabled children's

residential resources, to ensure the care specification for the new unit meets identified need, is flexible and responsive, and fully utilises capacity within the new resources.

7.0 Legal And Resource Implications

7.1 Children's Services have committed Programme Manager time and a nominal amount of revenue to support the procurement of their element of this project. The additional accommodation has always been planned to be secured as part of the main contract, or subsequently through a Council Change Order after contract close. The adult ILP reached financial close on 9th June 2008. Completion of the children's project will now be undertaken through the Council Change Process.

8.0 Financial Implications

8.1 The Financial Implications of providing the accommodation through PFI are detailed in Appendix 1, which is Exempt/Confidential under Exemption 1 (Prejudice to Commercial Interest).

9.0 Procurement Implications

9.1 The Independent Living Project is being procured under the negotiated procedure under EU rules. When the project was advertised in the Official Journal of the European Union (OJEU), specific mention was made of the intention to include the children's accommodation within the procurement, subject to obtaining credits. The new project can therefore proceed, subject to Executive Board approval, as part of the existing procurement.

10.0 Conclusions

10.1 The report and appendix outline the details of the projects and the implications for both Children's Services and the Council. Children's Services have considered these implications and approved the projects and are seeking, through this report, approval to procure the new short break unit through a PFI contract.

11.0 Recommendations

11.1 Executive Board is requested to note the content of the report and:

- To approve the reduction in scope of the Children's Services PFI Project;
- approve the Children's Services PFI Project to build a new 12 bed short break unit;
- approve the project to be implemented as a City Council Change in accordance with the financial parameters in Appendix 1; and
- delegate powers to the Chair of the ILP Project Board (in consultation with two other members) to give approval to the terms of the City Council Change Notice, and approve (or reject) the Contractor's final responses under the Project Agreement Change Protocol.