



APPENDIX 1 NOT FOR PUBLICATION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

Report of the Director of City Development

Executive Board

Date: 14th October 2009

Subject: Holt Park Wellbeing Centre – Outline Business Case Affordability Position

Electoral Wards Affected:

Horsforth
Weetwood
Adel and Wharfedale

Specific Implications For:

Equality and Diversity x
Community Cohesion
Narrowing the Gap x

Eligible for Call In

Not Eligible for Call In

EXECUTIVE SUMMARY

- 1 The Council's Executive Board at its meeting on 19th June 2008 approved the submission of an Expression of Interest (EOI) to the Department of Health (DoH) for £32 million of PFI credits for the Holt Park Wellbeing Centre (HPWC) Project.
- 2 The HPWC Project aims to develop a fully accessible Wellbeing Centre jointly supported by the Council's Adult Social Care and Sport and Active Recreation services. The Centre will combine care, reablement and hydrotherapy facilities with multipurpose and leisure facilities which are prioritised for older people and people with learning and physical disabilities, but 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 throughout 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 a community library and theatre).

- 4 After assessment of the financial aspects of the Project by the Chief Support Services Officer and the Public Private Partnerships Unit, advised by the Council's financial advisor PricewaterhouseCooper (PwC), the HPWC is considered to be affordable to the Council and will provide Value for Money.
- 5 It is proposed that the project will be procured through the Leeds Local Education Partnership (LEP).
- 6 Approval is sought to the affordability position and the submission of the Outline Business Case (OBC) to the DoH and HM Treasury Project Review Group (PRG). Approval is also sought to the Project Initiation Document (appendix 23 of the OBC).
- 7 Members of the Executive Board are recommended to:
 - a) Note the contents of this report and approve the submission of the Outline Business Case for the HPWC Project to the DoH;
 - b) Approve the affordability implications over the life of the proposed PFI Contract for the HPWC, summarised in Table 1 of the confidential Appendix to this report, and to authorise officers to issue the Council's affordability thresholds relating to the PFI Project to the LEP and to Environments for Learning;
 - c) Approve that the governance of the HPWC Project be under the Education PFI Project Board in accordance with paragraph 8.7;
 - d) Note and support the decision of the Director of City Development under delegated powers approving the delivery of the HPWC PFI Project through the LEP as described in paragraph 8.2.
 - e) Approve the Project Initiation Document for this project.

1.0 INTRODUCTION

- 1.1 The purpose of this report is to seek Members' approval to the submission of the OBC to the DoH and to the Project Initiation Document for this project (appendix 23 of the OBC). A copy of the OBC is available from the clerk named on the front sheet of the agenda. Appendix 1 and the Outline Business Case, are confidential under Access to Information Rule 10.4.3 because publication could prejudice the City Council's commercial interests as both the Appendix and the Outline Business Case include commercial matters which are confidential to the City Council. In addition the Outline Business Case contains sensitive commercial information. In these circumstances it is considered that the public interest in not disclosing this commercial information outweighs the interests of disclosure.

2.0 BACKGROUND

- 2.1 Social Care credits became available through the DoH in December 2007. The Council's Executive Board at its meeting on 19th June 2008 approved the

submission of an Expression of Interest (EOI) to the DoH for £32 million of PFI credits for the HPWC Project.

- 2.2 The bid was given approval by the DoH on 25th February 2009 with credits of £32 million allocated in principle for the project; the Council was invited to submit an OBC for the new Wellbeing Centre. A copy of the DoH letter is attached at Appendix 2.

3.0 SUMMARY OF HOLT PARK WELLBEING CENTRE

- 3.1 The HPWC Project aims to develop a fully accessible Wellbeing Centre jointly supported by the Council's Adult Social Care and Sport and Active Recreation services. The Centre will combine care, reablement and hydrotherapy facilities with multipurpose and leisure facilities which are prioritised for older people and people with learning and physical disabilities, but are also available to the general public. The new facility will eventually replace ageing and poorly designed adult training and day centres, although these will not be closed as part of the Wellbeing Project, and a leisure centre at Holt Park which will remain open until the new facility becomes operational. In addition to greater integration of services, the new Centre will promote and support greater health and wellbeing throughout the community and greater engagement of all groups within the community.

4.0 SCOPE OF THE PROJECT

- 4.1 The Holt Park District Centre is in poor physical condition with ageing buildings which are reaching the end of their lives and which are in some instances inaccessible. Over the last 5–10 years the Council has been working with local residents and businesses to regenerate the Holt Park District Centre. This commenced with the replacement of the Ralph Thoresby High School under the Combined Secondary Schools PFI Project and will continue with the Wellbeing Project which, in addition to providing social care facilities, will also replace the existing leisure centre.
- 4.2 The HPWC Project proposes to replace the existing social care, health and leisure facilities with a 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 a community library and theatre).
- 4.3 The proposed facilities mix at the new centre is as follows:
- Day rooms for older people and learning disability quiet/training areas;
 - Range of multi-function rooms of varying sizes for meetings, gatherings, quiet areas, training sessions, sports activities;
 - Bodyline gym;
 - 25m 4-lane main swimming pool;
 - Small pool for teaching swimming or other activity classes;
 - Hydrotherapy pool for therapy and mobility sessions;
 - 1 large and 1 small activity hall;
 - Large entrance atrium for meeting/socialising/viewing area.
- 4.4 Once the new Wellbeing Centre is completed and operational, the existing Holt Park Leisure Centre will be demolished.

5.0 OPTIONS APPRAISAL

- 5.1 A large number of matters have been examined as part of the options appraisal in the OBC. The appraisal was based on best practice options appraisal guidance from the 4Ps (part of the Local Government Association) and the Treasury. From this analysis the recommended option is the development of an integrated Wellbeing Centre at Holt Park in North-West Leeds with the facilities mix summarised above.

6.0 OPERATIONAL APPROACH

- 6.1 The Council determined that a Design, Build, Finance and Operate approach, procured through the Government's Private Finance Initiative, demonstrates the potential to deliver Best Value. This would not include the operation of the individual or integrated services, which would be retained by the Council, but would include the operation of the hard and some soft facilities management associated with the building including security, maintenance and cleaning.
- 6.2 The OBC concludes that the Project structured and delivered on the basis set out in the OBC will provide Value for Money.

7.0 FINANCIAL ISSUES

- 7.1 See Confidential Appendix Number 1.

Appendix 1 is exempt/confidential under the Access to Information Procedure Rule 10.4 (3) because it contains commercial information which, if disclosed at this stage, could prejudice the Council's position with regard to future negotiations with the Local Education Partnership and its supply chain and it is considered that the public interest in not disclosing this commercial information outweighs the interests of disclosure.

8.0 PROJECT DELIVERY

- 8.1 The Council has developed a very well-respected track record of delivering PPP/PFI projects. It has an established project delivery model which was successful for a number of schools projects, street lighting, leisure and social care projects. The Council is currently involved in several projects in various stages of the procurement and approval processes; the model has been extended to all PPP/PFI infrastructure projects within Leeds City Council.
- 8.2 As part of the options appraisal for the delivery of the Project an appraisal of the most appropriate procurement route identified that the most cost-effective and timely delivery mechanism for the HPWC Project is under the LEP. This will enable a reduction in procurement time for the Project and enable the HPWC Project to benefit from the economies of scale and costs attributed to the LEP for Leeds. This approach was approved under delegated powers by the Director of City Development at the Education PFI/BSF Project Board on 21st May 2009.
- 8.3 The Project Programme envisages contract close in June 2010 subject to approval of the OBC by the DoH and PRG.

MANAGEMENT ARRANGEMENTS

- 8.4 The Council expects that the Project Agreements from the BSF and New Leaf Projects will form the basis for the Project Agreement for the HPWC, amended as necessary to reflect sector and project-specific issues, in light of the 4ps/DoH Social Care Procurement Pack.
- 8.5 The Contractor will have the exclusive right to design, build, finance and maintain the facilities which form the Project. In addition to the main PFI contract, there will be a Direct Agreement between the Council and the Senior Debt Funders, providing for the Funders' step-in rights in the event of default by the PFI contractor.
- 8.6 The contract will be certified for the purposes of the Local Government Contracts Act 1997.
- 8.7 The Council's revised Corporate Governance procedure sets out a specific Project Management model to be applied to each of the Council's PFI Projects. An Education PFI Project Board was established for the Education PFI Projects including the PFI BSF Programme and the creation of the LEP with authority delegated to it by the Council's Executive Board to take delegated decisions on project-specific issues. This Project falls within the remit of the Education Project Board (attended by the Wellbeing Centre Project Sponsor and Project Director) given that it will be procured under the LEP.
- 8.8 There is a separate Wellbeing Programme Board which integrates the Council's Adult Social Care and Sport and Active Recreation Services with NhsLeeds and which will provide consistent Client decisions on the HPWC Project as well as being responsible for the development and delivery of the Wellbeing Strategy and Integrated Services throughout Leeds.

The Project Team

- 8.9 A Project Team has been formally established to take responsibility for the day-to-day administration of the Project. This will be a small core team, which will be assisted and advised at different stages of the Project by relevant specialists from Council departments. There will also be a need to obtain external advice in some areas, namely legal, financial and technical to supplement the work which will be primarily undertaken by existing "in-house" staff in the Public Private Partnerships Unit and nominated staff from Adult Social Care and City Development.
- 8.10 The Project Team will assist the Project Board and make available to it minutes and other documentation as required. Papers to Project Board will be presented in the corporate reporting format. The Project Team will also be responsible for ensuring Project communication and liaison mechanisms are in place and functioning

9.0 RECOMMENDATION

- 9.1 Executive Board is requested to:
- a) Note the contents of this report and approve the submission of the Outline Business Case for the HPWC Project to DoH;
 - b) Approve the affordability implications over the life of the proposed PFI Contract for the HPWC, summarised in Table 1 of the confidential Appendix to this report, and to authorise officers to issue the Council's affordability

thresholds relating to the PFI Project to the LEP and to Environments for Learning;

- c) Approve that the governance of the HPWC be under the Education PFI Project Board in accordance with paragraph 8.7;
- d) Note and support the decision of the Director of City Development under delegated powers approving the delivery of the HPWC PFI Project through the LEP as described in paragraph 8.2.
- e) Approve the Project Initiation Document for this project.

Appendices

Appendix 1 – Financial Issues (Confidential)

Appendix 2 – DoH letter

Background Papers

Holt Park Expression of Interest

Health and Wellbeing Plan

Appendix 2 – DoH Confirmation Letter



Angela Lawson
Executive Project Manager
Public Private Partnerships Unit
Chief Executive's Department

Quarry House
Quarry Hill
Leeds LS2 7UE
Tel: 0113 254 5000

Dear Angela,

25th

February 2009

Expression of Interests for Social Care PFI credits - 2008 round – notification of Ministerial decision

I am writing to notify you of the outcome of your council's Expression of Interest in the 2008 bid round for social care PFI credits, submitted to DH in June 2008. I am pleased to be able to tell you that an allocation in principle has been confirmed by Phil Hope, the Minister of State for Care Services. Your allocation in principle is £32.0 million of PFI credits.

It is important for you to be aware that this letter does not constitute a firm commitment to revenue support for your project via PFI credits. That can only be given once your Outline Business Case has been approved by Treasury's Project Review Group, and the PFI credits consequently endorsed.

Given the allocation in principle, you are therefore invited to proceed to OBC stage. As requested of you earlier by separate email, you are to submit a timetable for OBC development and submission by end March 2009 (or as soon as possible before then); this timetable will be regarded as binding, and continuation of the allocation will depend on its being met.

Please use the procurement and business case guidance for social care projects on the 4ps website, to assist in developing the OBC.

Please contact me if you have any queries.

Yours sincerely,

A handwritten signature in black ink that reads 'Susan Peak'.

Susan Peak
Capital Investment Branch
Dept of Health