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Report of the Deputy Chief Executive

Executive Board

Date: 14th October 2009

Subject: Joint Service Centres – formal approval to the next stages of the Joint Service Centre project, capital and revenue budget implications

Electoral Wards Affected:
Gipton & Harehills, Burmantofts & Richmond Hill, Chapel Allerton, Roundhay, Kirkstall.

Ward Members consulted (referred to in report)

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

1. This paper describes the progress and budget implications associated with the delivery of the Joint Service Centres at Chapeltown and Harehills.
2. The Joint Service Centres are being procured via the Leeds Local Improvement Finance Trust (LIFT) in which Leeds City Council is a strategic partner with the NHS Leeds, formerly Leeds PCT. Financial close was achieved on 12th June 2009 and Community Ventures Limited (formerly Leeds LIFT Limited) has commenced work on the new schemes.
3. Members will note that at financial close the Joint Service Centre Buildings required a total revenue contribution of £314k in the first full year of operations, which is below the maximum revenue contribution of £396k, previously approved by Executive Board.
4. The revenue costs of the post contract works including new furniture, ICT, Stamp Duty and temporary library bus add a further £67k to give a total (yr1) revenue contribution of £381k, again within the budget set by Executive Board.
5. A capital receipt of £600k has been received for the land at Chapeltown and Harehills from Community Ventures Ltd.

6. The Town and Village Green application for the Chapeltown scheme has been withdrawn.
7. Members of the Executive Board are recommended to:
 1. Acknowledge the successful financial close on 12th June 2009 (and that it was within the maximum affordability deficit of £396,000 approved at Executive Board of 4th March 2009).
 2. Approve the final affordability position at financial close, as set out in Table A.
 3. Approve that the £600K capital receipt, received from Community Ventures Ltd for the sale of the two Joint Service Centre sites at Chapeltown and Harehills, is ring fenced to the JSC project and used for Stamp Duty Land Tax, temporary library bus and other ICT costs, as set out in Table B.
 4. Approve the revenue expenditure for the provision of ICT and furniture and fittings to the new Joint Service Centres, as set out in Table B.

1.0 Purpose of this report

- 1.1 Further to the reports approved at Executive Board on 11th March 2008 and 4th March 2009 the purpose of this report is to update Members on the progress of the Chapeltown and Harehills Joint Service Centres and seek appropriate approvals
- 1.2 Members are requested to approve financial implications for the Council of entering into the Joint Service Centre Project for the Chapeltown and Harehills centres.

2.0 Background information

- 2.1 The Council submitted an Expression of Interest (EOI) to the ODPM (now CLG) in January 2002 for six One Stop Centres. This bid was given initial approval by the ODPM and an initial allocation of £15m of PFI credits in August 2002. This led to the production of an OBC in March 2003 with a revised credit allocation of £15.7m for the three centres, of which £11.7m PFI Credits was allocated to Chapeltown and Harehills Centres and the remaining £4m PFI credits allocated to the Kirkstall Centre.
- 2.2 In September 2004 the Executive Board approved the re-scoping of the project to three JSCs at Harehills, Chapeltown and Kirkstall. Since that time the Council's and NHS Leeds requirements for the Chapeltown and Harehills Joint Service Centres (JSC) were developed and agreed. In respect of the proposed Kirkstall JSC further option appraisals are currently being undertaken by NHS Leeds.
- 2.3 In March 2008 the Executive Board approved the acceptance of a Stage 1 offer for the Chapeltown and Harehills centres and the project proceeded to Stage 2 where detailed design and the final costings were within the guaranteed maximum, subject to funding costs at the time of Financial Close.
- 2.4 Department of Communities and Local Government letter is enclosed approving the £11.7m PFI credits for the Chapeltown and Harehills JSC's. (Appendix 1)

3.0 Service provision at the new Centres

3.1 As noted in the Executive Board report of 12 March 2008 the Council is working to tackle the health and social inequalities prevalent in the City through 'narrowing the gap' between the most disadvantaged neighbourhoods and the City as a whole. The development of the Joint Service Centres is part of this work.

3.2 New and existing services to be transferred to the new Centres, are set out below:

3.3 Chapeltown Joint Service Centre

3.3.1 New services not currently provided locally

- Customer Services
- Leeds City Credit Union
- The HUB – an innovative approach to partnership working offering a shared initial point of contact for the Centre as a whole, with staff jointly appointed and funded by LCC and the NHS Leeds, who are able to securely access LCC and NHS information, and overcome the previously identified data protection issues that have prohibited previous developments.
- Hot desk provision for Adult and Children's Social Care
- NHS Leeds Services (Health Access Team, Health Visitors, Community Midwifery, TB Nursing Service, Community Drug Team, Speech and Language Therapy, Sexual Health, Phlebotomy, Addiction Services, Community Dental Services, Multi Ethnic Team, Heart Failure & Diabetic Services, GP Practice, District Nurses, Ulcer Clinic, Mental Health Team.

3.3.2 Existing services to be transferred into the new Centre

- Health & Environmental Action Service
- Community Library
- North East Area Management Team

3.4 Harehills Joint Service Centre

3.4.1 New services not currently provided locally

- Customer Services
- Leeds City Credit Union
- NHS Leeds provision to deliver session and appointment based services (Mental Health Team)

3.4.2 Existing services to be transferred into the new Centre

- Community Library
- Chinese Advisory Service
- Health and Environmental Action Service.

3.5 It is proposed that the Council will be the sole full-time occupant of the Harehills site and that the NHS Leeds services will be delivered from two consulting rooms sub-let from the Council on a long-term basis.

4.0 Programme

4.1 The current programme anticipates the following practical completion dates –

- Chapeltown – 18th October 2010
- Harehills – 28th June 2010.

4.2 Following practical completion there is a considerable amount of commissioning work to take place in order for the centres to become operational. These are complicated buildings with significant and complex ICT provision and a number of shared areas that need to be jointly commissioned and shared policies agreed. The initial programme suggests that this work could take up to six weeks however all parties will seek to reduce this time in order to open the centres as soon as possible.

5.0 Risk

5.1 A comprehensive Project Risk Register will continue to be used and presented at each meeting of the Joint Service Centres Project Board. All major risks are tracked, escalated and actioned appropriately.

6.0 Implications for Council policy and governance

6.1 The management and decision making arrangements are in line with the Executive Board approval, on 9th March 2005, for Corporate Governance and Management arrangements for Public Private Partnership and Private Finance Initiative (PPP/PFI) Projects within the City Council. The Joint Service Centres Project Board will continue to make decisions, acting under delegated powers to its Chair, in connection with Joint Service Centres Projects until after construction completion.

6.2 Following financial close the responsibility for advising the Project Board, through the production of regular highlight and update reports, has moved from PPPU to Planning Policy and Improvement (Customer Services).

7.0 Leeds City Council funding

7.1 The table below sets out the final affordability position for the Chapeltown and Harehills JSC's as at financial close (June 2009). The table compares the final affordability position with the previous affordability position approved by Executive Board in March 2008.

7.2 The table identifies the total cost of the project to the Council, including Lease Plus Payments made to Community Ventures Ltd and an estimate of other costs incurred by the Council, including soft facilities management, Pass Through Costs for Insurance NNDR and utilities.

7.3 The most significant source of funding for this project is derived from the PFI Revenue Support Grant, which arises from the notional credit approval afforded by PFI credits. The second source of funding will come from the estimated revenue savings arising from existing service users vacating their existing accommodation. It

is also anticipated that additional income will be received by the Council from sub leases to NHS Leeds and Leeds City Credit Union.

- 7.4 Members will be pleased to note that the financial close position demonstrates that the total revenue contribution of £314k in the first full year of operations is below the maximum revenue contribution of £396k, previously approved by Executive Board (see table A below).

Table A

	Stage 1 Offer Approved by Executive Board (March 2008) £000s	Financial Close Position (June 2009) £000s	Difference £000s
	First Full Year 2011/12		
Lease Plus Payments to Community Ventures Ltd	1,178	1,067	-111
Estimated Pass Through Costs and Soft Services Costs	288	273	-15
Total Costs	1,466	1,340	-126
PFI Revenue Support Grant	(938)	(938)	-
Estimated Revenue Savings	(132)	(61)	(71)
Estimated Sub Lease Income	-	(27)	(27)
Total Funding	(1,070)	(1,026)	44
Required Revenue Contribution	396	314	- 82

- 7.5 The LIFT procurement process provides for the construction of the new Joint Service Centres however there are a number of elements that are specifically excluded from the LIFT procurement route.
- 7.6 Whilst the LIFT process provides structured cabling and communication lines within the Centres it does not provide ICT infrastructure and components. Both the LCC and NHS Leeds participants in the Centre are expected to complete connections to the wide area network and their Departments.
- 7.7 In addition the LIFT process specifically excludes furniture and fittings, together with any interior layout requirements and corporate branding. The participants in the centres (Leeds City Council and the NHS Leeds) are expected to furnish all parts of the new centres including customer areas and office accommodation.

- 7.8 Therefore, in addition to the £314k revenue costs, there are also post contract project related costs associated with opening and operating the Chapeltown and Harehills JSC's, namely; the stamp duty payment; provision of furniture and fittings; ICT fit out and temporary library bus which require funding by the use of the Land capital receipts and revenue funding.
- 7.9 The £600K land capital receipt received in June 09 from Community Ventures Ltd from their purchase from the council of the two Joint Service Centre sites at Chapeltown and Harehills is required to be formally ring fenced to the JSC project.
- 7.10 The revenue costs of the post contract works add a further £67k to give a total (yr1) revenue contribution of £381k, which is £15k below the approved maximum revenue contribution of £396k approved by Executive Board. All of the above costs are included below in Table B.

Table B

	Available Budget	
	Revenue £000s	Capital £000s
Maximum Revenue Contribution approved by Executive Board	396	
Capital receipt received from the sale of sites (cost to Community Ventures Ltd included in Lease Plus costs)		600
Total funding available	396	600
Less Revenue contribution for both JSC Buildings (year 1)	314	
Less Stamp Duty Land Tax		200
Balance available	82	400
Creation of IT, furniture and equipment provision funded by leasing*	- 67	+ 478
Sub Total	15	878
Furniture and fit out provision		362
ICT (ie. Provision of computers, telecoms and data communications, WIFI, N3 connection, printers etc, fit out & contingency).		426
Mobile Library (temporary replacement for Harehills library)		90
Balance available	15	-

(* This represents the revenue cost of leasing furniture over 10 years and ICT over 7 years.)

- 7.11 There will be financial implications beyond 2010/2011 to ensure that effective contract management and building management is in place when the Joint Service Centres become operational and the existing JSC project budget within PPI will be used following delivery of the JSC's.

8.0 Town and Village Green Application Update

- 8.1 On the 19 June 2008 an application for the registration of land as a Town or Village Green was submitted to the Council as Registration Authority in respect of part of the site at Chapeltown. The Council as landowner objected to the application and a hearing was arranged for the matter to be heard on the 4, 5 and 6 August 2009. However on the 29 July 2009 the application was formally withdrawn. The applicant's reason for withdrawing the application was that if the application was successful the JSC car park would have to be constructed near to residential dwellings which they did not want.

9.0 Recommendations

Members of the Executive Board are recommended to:

1. Acknowledge the successful financial close on 12th June 2009 (noting that it was within the maximum affordability deficit of £396,000 approved at Executive Board of 4th March 2009).
2. Approve the final affordability position at financial close, as set out in Table A.
3. Approve that the £600K capital receipt, received from LIFT Co (Community Ventures Leeds Ltd) for the sale of the two Joint Service Centre sites at Chapeltown and Harehills, be formally ring fenced to the JSC project and used for Stamp Duty Land Tax, temporary library bus and other ICT costs, as set out in Table B.
4. Approve the revenue expenditure for the provision of ICT and furniture and fittings to the new Joint Service Centres, as set out in Table B

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