

**Scrutiny Board
(City & Regional Partnerships)**

**Statement on Kirkstall Joint
Service Centre**

DRAFT ONLY

April 2010



Introduction and Scope

Introduction

1. At our meeting on 10th September 2009 reference was made to the fact that the proposal for a new Joint Service Centre at Kirkstall had stalled.
2. We were advised that three Joint Service Centres at Chapeltown, Harehills and Kirkstall had been procured via the Leeds Improvement Finance Trust (LIFT) in which the Council is a strategic partner with NHS Leeds (formerly Leeds Primary Care Trust).
3. We recognised that the provision of Joint Service Centres was an important strand of the Council's Strategic Plan - contributing towards tackling the health and social inequalities prevalent in the city, through "narrowing the gap"
4. We agreed to raise this matter with the Chair of the Scrutiny Board (Health) to ascertain if this Board could undertake scrutiny of this issue if Scrutiny Board (Health) had no plans to do so.
5. We were subsequently advised that Scrutiny Board (Health) had no spare capacity to scrutinise this issue in detail during the current municipal year.
6. We decided to investigate this matter and determined not to undertake a full scrutiny inquiry but to investigate the matter and publish a Statement and recommendations on our findings.
7. We agreed to keep the Scrutiny Board (Health) informed of our findings.

Scope of the Statement

8. We agreed to examine the following areas:
 - Progress made with regard to the provision of Joint Service Centres at Chapeltown, Harehills and Kirkstall.
 - Identify the reasons for any delay in the provision of the three Joint Service Centres.
 - Identify the process and rules that apply to the funding of these centres and the consequences of any delay.
 - Role and responsibilities of the Council and NHS Leeds for delivery of this project.



Conclusions and Recommendations

9. We received a report from the Deputy Chief Executive of the Council on the Joint Service Centres which was considered by the Executive Board on 14th October 2009. This report described the progress and budget implications associated with the delivery of the Joint Service Centres at Chapeltown and Harehills.
10. It was clear from the report that the two Joint Service Centres at Chapeltown and Harehills were progressing well and that the current programme anticipated a completion date of the 18th October 2010 and 28th June 2010 respectively.
11. We noted with concern that the Deputy Chief Executive's report stated that further option appraisals were currently being undertaken by NHS Leeds, with regard to the proposed Kirkstall Joint Service Centre.
12. On 22nd October 2009 NHS Leeds submitted to the Scrutiny Board the following statement:

"NHS Leeds Board signed up to Kirkstall Joint Service Centre in April 2009. NHS Leeds is committed to delivering Children's and Adolescent Mental Health Services (CAMHS) from this centre. The council believe that this would not meet the criteria for PFI credits and have asked NHS Leeds to consider alternatives.

Some proposals have been produced but these require consideration for clinical suitability and service needs.

Following this, a paper will be presented to the NHS Leeds Board in November.

We will continue to work closely with

council colleagues and, following the NHS Leeds Board meeting in November, will ensure that the Scrutiny Board (Health) and the City and Regional Partnerships Scrutiny Board are kept informed."
13. We received a briefing paper from NHS Leeds' Acting Director of Finance updating us on the reasons why NHS Leeds Board (at its meeting on 19th November 2009) was unlikely to continue to support a Joint Service Centre for Kirkstall.
14. The briefing paper stated that this joint project was proposed in 2003. Since that time there had been a number of major changes in the factors which would influence a decision as to whether NHS Leeds could continue to participate in this project not least being a PCT merger and the changing economic environment.
15. We noted that the NHS Leeds view that the service needs underpinning the project had changed over the period. A recent review by NHS Leeds had concluded that there was no need for additional or significant improvements in premises for GPs in Kirkstall. In addition, plans for a wide ranging minor surgery services in the community had also been revised by the NHS Leeds.
16. We acknowledged that a review by NHS Leeds Provider Arm service in 2008/09 had identified that there was a need to improve the configuration of services for Child and Adolescent Mental Health Services (CAMHS) and that the lack of consolidated premises



Conclusions and Recommendations

for this service was a significant drawback in this respect.

17. The review also concluded that there was no other need for service development or expansions in any other services that the NHS Leeds provides in Kirkstall and that there was sufficient capacity within NHS Leeds to accommodate all foreseen service developments. As a consequence in July 2009 NHS Leeds approved a preferred option for the Joint Service Centre at Kirkstall whereby the CAMHS service would be relocated from the Cringlebar and Bramley sites into the new Joint Service Centre.
18. We were advised that the Council had subsequently informed NHS Leeds that it considered this would not meet the requirements for a Joint Service Centre, as the CAMHS service would require a separate entrance and users of the service would be unlikely to make use of the range of other services in the Joint Service Centre, such as advice, benefits and library services. The Council requested NHS Leeds to give further thought to their other options.
19. We were informed that NHS Leeds Board on 19th November 2009 had considered a report of the Acting Executive Director of Finance, NHS Leeds and had decided not to proceed with a Joint Service Centre for Kirkstall. We were provided with a copy of the report which had been considered by NHS Leeds Board.
20. We were concerned that the agenda for NHS Leeds Board on 19th

November 2010 had no item indicating that this project was to be considered at this meeting. The matter was dealt with in private session without the public present and consequently there was no public discussion or debate on this issue. We regard this to be contrary to the 2003 Department of Health Code of Practice on Openness in the NHS.

Recommendation 1

That NHS Leeds be asked to review their governance process in line with the Department of Health Code of Practice 2003 in order to ensure that

(i) the public is advised of all matters to be considered at NHS Leeds Board meetings whether to be held in public or in private session and

(ii) that all appropriate reports are made available at the time the agenda is released.

20. We expressed grave concern that at the 11th hour there had been a change of heart on the part of NHS Leeds. The City Council had been working on this joint project in good faith with the PCT since 2003. Even as late as October 2008, NHS Leeds had been consulting widely with local residents on the proposal, raising peoples expectations and aspirations for the area. This last minute change of heart and policy was a bitter disappointment for local residents and Ward Members, who were hoping that this project would help to kick-start the re-generation of this part of Kirkstall,



Conclusions and Recommendations

21. We made reference to the level of resources the Council had effectively wasted in pursuing this joint proposal.
22. We were subsequently advised by the Public Private Partnerships Unit (PPPU) that the estimated cost of work carried out by them in respect of the Kirkstall Joint Service Centre was between £114,588 and £135,991 plus the cost of financial advisors and technical support. This estimate excluded any client costs from Environment and Neighbourhoods or Customer Services departments.
23. We requested a "lessons learned" report on this project as a consequence of NHS Leeds deciding to withdraw from this project.
24. We were informed that PPPU was to hold a "lessons learned" seminar on 4th February 2010¹ with the PCT, LIFT Company, Council Team and other Stakeholders in order to prepare a report for consideration by our Board.
25. We considered this "lessons learned" report at our Board meeting in March 2010 and believed it to be a comprehensive and thorough review of the issues involved. This report and the actions to be taken had been agreed with NHS Leeds and other stakeholders.
26. We took the view that implementation of the actions proposed would help to safeguard the Council's position and provide greater clarity as to the commitments and responsibilities of all stakeholders at the Pre Procurement and Procurement Stages for joint

projects of this kind.

Recommendation 2

That the "Lessons Learned" report on the Joint Service Centre project be endorsed including the recommendations for improvement as set out in appendix 1 of this Statement.

Recommendation 3

That the Public Private Partnerships Unit and NHS Leeds and other stakeholders submit a joint report to this Scrutiny Board before 31st December 2010 on the progress in implementing the recommendations for improvement detailed in appendix 1 of this Statement.

Recommendation 4

That this Statement be submitted to Scrutiny Board (Health) for information at its meeting in April 2010.

27. We were advised by the Acting Director of Finance, NHS Leeds that consideration would be given to making improvements to the existing Health Centre in Kirkstall.

Recommendation 5

That NHS Leeds be asked to submit a paper to this Board and Kirkstall ward members on the improvements they intend to make to the existing Health centre before September 2010.

¹ *as part of the project appraisal undertaken on PPPU projects*

KEY LESSONS LEARNT SUMMARY

What Could Have Been Improved and How?

Outlined below is a summary of the key lessons learnt.

Category	What Could Have Been Improved	Recommendation for Improvement
Affordability and Best Value	It was noted that often projects have funding streams attached which changes the focus from options appraisal and value for money to securing funding for projects. E.g. the incentives to retain PFI credits.	Options appraisals should clearly evaluate all procurement options available, including a do nothing option. As the PCT did not have PFI available to them for JSC, partners funding of revenue needs to be properly considered.
Affordability and Best Value	<p>The PCT did not have a suitable tool for appraising service and funding priorities. Consequently they had difficulty assessing the value for money of the programme. Affordability should not be confused with Value for Money.</p> <p>Consequently when the Kirkstall scheme was reviewed in 2009 the previous justification for the PCT element of the project did not stand up to scrutiny.</p> <p>Differences in sources of funding (the Council were granted PFI credits) may have led to a divergence in prioritisation of the programme between the Council and PCT.</p>	<p>That a cost benefit analysis / options appraisal tool is developed jointly by the Council and PCT. Leeds City Council has an existing options appraisal methodology and the corporate project management methodology "Delivering Successful Change" may also provide a basis for developing this.</p> <p>A shared methodology should ensure a shared and consistent understanding of service needs and project benefits is developed at the outset of any future project developed in partnership. Affordability should not be confused with Value for Money.</p>

Category	What Could Have Been Improved	Recommendation for Improvement
Guidance and Documentation	The Department for Health business case guidance changed during the procurement.	Guidance can be followed and changes can be taken account of relatively easily. However, it is not Government Guidance that is important; it is ensuring you have a business case that is robust and agreed within your service.
Leadership and Managing the Process	Project Management arrangements at the PCT were not properly embedded in governance processes. Consequently as corporate priorities changed and as major restructuring of the organisation was undertaken the links between the JSC programme and PCT strategy and management were not consistent or effective. It was therefore difficult to manage decision making and to ensure the project was progressed in line with PCT corporate priorities and managerial support.	That work is undertaken with partner organisations to ensure that a formal governance structure with clear roles and responsibilities is set up at the very beginning of the project including communication strategy and reporting processes.
	Communication of formal decisions between the PCT and LCC could have been improved.	As above.
	Stage 1 of the procurement was fast tracked through the Strategic Health Authority approval process, which resulted in disproportionate levels of work and decision making being deferred to stage 2.	Ensure that a realistic programme is agreed and planned in sufficient detail.
	The PCT lacked sufficient estates experience to inform the JSC programme.	That a shared review of available skills and experience is undertaken with partner organisations and experience is lacking in certain areas consideration is given to sharing resources and / or accessing external advice.

Category	What Could Have Been Improved	Recommendation for Improvement
Project Principles	The PCT did not have a sufficiently clear vision for the JSC programme with objectives set which aligned corporate and service strategies and that in the case of the Kirkstall centre they felt the emphasis for development was placed on the building rather than the services required.	That work is undertaken with partner organisations to ensure that a cost benefit analysis is produced to inform the options appraisal and Outline Business Case. The reason to go ahead with the project needs to be addressed at the start of the project and the questions: “is it right?” and “is it viable?” need to be addressed at the start. Also, “what do you need?” not “what do you want?”.
Risk Management	None	N/A
Stakeholder Management and Communication	The timing of PCT stakeholder consultation could have been improved. Buy in from stakeholders in decision making positions was lacking, leading to decisions not being made at the right times. Stakeholder management with regards the Kirkstall highways issues could have been improved, although development of the ultimate workable solution was felt to have been successful.	That work is undertaken with partner organisations to ensure that a communications strategy is clearly developed.
Technical and Statutory Issues	None	N/A
Understanding the Market	None	N/A

What Went Well and Why?

Outlined below is a summary of the key lessons learnt.

Category	What Went Well	Recommendation
Affordability and Best Value	Of the 3 centres planned the 2 that were delivered were within the budget set. The service mix, however, changed significantly as a result of the changing requirements of LCC and the PCT.	Ensure that a cost benefit analysis is produced to inform the options appraisal and Outline Business Case. Affordability should not be confused with Value for Money.
Guidance and Documentation	None	N/A
Leadership and Managing the Process	Harehills and Chapeltown have been successfully delivered in the context of major organisational and service change.	Consider the lessons learned from Chapeltown and Harehills (subject of a separate report) for other projects / programmes.
	The project team worked well together (including the SHA and advisors), which was illustrated by the fact that Commercial and Financial Close was achieved in relative short timescales bearing in mind the additional scrutiny required of the PCT and SHA.	Spend time building the team. That work is undertaken with partner organisations to ensure that a formal governance structure with clear roles and responsibilities is set up at the very beginning of the project including communication strategy and reporting processes.
	The design competition for Kirkstall worked very well and delivered a well developed, flexible reference scheme in a short time period.	Consider different models to develop schemes on a project by project basis.
Project Principles	None	N/A

Category	What Went Well	Recommendation
Risk Management	The City Council risk management process that was adopted later in the programme by the Council, PCT and Liftco worked well.	Ensure that a robust risk management process is in place and followed.
Stakeholder Management and Communication	Stakeholder management was good with regards to who was consulted.	That work is undertaken with partner organisations to ensure that a communications strategy is clearly developed.
Technical and Statutory Issues	None	N/A
Understanding the Market	<p>The JSC programme would not have been delivered without the involvement of Liftco. In a competitive process it is likely that bidders would have walked away due to the delay and uncertainty.</p> <p>Tranche 3 (Chapelton and Harehills) was sustained because tranches 1 and 2 had given Liftco an ongoing delivery role working in partnership with the PCT and Council.</p> <p>Over the course of the project the Liftco process developed a challenge role that broke down barriers between organisations and encouraged dialogue.</p>	<p>That the advantages of partnership working need to be taken account of / considered at the options appraisal stage.</p> <p>They also need to be communicated to stakeholders.</p>



NEXT STEPS

	Action	Action Owner
1.	Present the Lessons Learned Report to the Joint Service Centres Project Board and the Strategic Partnering Board for information.	D Grooby
2.	Present the Lessons Learned Report to Scrutiny Board.	D Outram
3.	Feedback the Lessons Learned Report to the PCT.	V Pejhan-Sykes
4.	Present the Lessons Learned Report to the Public Private Partnerships Unit management team for information.	D Grooby
5.	Dissemination to the project team.	D Grooby
6.	Dissemination to PPPU Governance function who will then: <ul style="list-style-type: none"> • Be responsible for developing, maintaining and communicating a PPPU wide Lessons Learned Log and act as a central repository for valuable PPPU lessons learned information. • Share lessons learned with other Project Teams, Project Boards and the Strategic Investment Board. 	D Grooby
7.	The Council and PCT to consider the joint development of a cost benefit analysis / options appraisal tool.	D Outram & V Pejhan-Sykes



Evidence

Monitoring arrangements

Standard arrangements for monitoring the outcome of the Board's recommendations will apply.

The decision-makers to whom the recommendations are addressed will be asked to submit a formal response to the recommendations, including an action plan and timetable, normally within two months.

Following this the Scrutiny Board will determine any further detailed monitoring, over and above the standard quarterly monitoring of all scrutiny recommendations.

Reports and Publications Submitted

- Report of the Deputy Chief Executive dated 14th October 2009
- Statement by NHS Leeds dated 22nd October 2009
- Briefing Paper by NHS Leeds for the Scrutiny Board on 5th November 2009
- Report of the Acting Director of Finance NHS Leeds to NHS Leeds Board on 19th November 2009
- Media Statement by NHS Leeds dated 19th November 2009
- Reports of the Head of Scrutiny and Member Development to meetings on 5th November and 9th December 2009 and 4th March and 16th April 2010



Evidence

Witnesses Heard

- Mr David Outram, Chief Officer, Public Private Partnerships Unit, Leeds City Council
- Ms Visseh Pejhan-Sykes, Acting Director of Finance, NHS Leeds
- Mr Andy Taylor, Chair of the Plan Review Board
- Mr David Grooby, Executive Project Manager PPPU

Dates of Scrutiny

10th September 2009

5th November 2009

9th December 2009

4th March 2010

16th April 2010



Scrutiny Board (City & Regional Partnerships) Statement on Kirkstall Joint Service Centre

**Date April 2010
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