

CABINET – 5 OCTOBER 2005

SOUTH WEST HAMPSHIRE LIFT

1. INTRODUCTION

- 1.1 The purpose of this report is to seek Member approval for New Forest District Council to become a participant in the South West Hampshire LIFT Scheme.

2. BACKGROUND

- 2.1 NHS Local Improvement Finance Trust (LIFT) is a Government scheme designed to promote the efficient procurement of primary and community health care services through public/private partnerships and are an alternative to the Private Finance Initiative. On a regional basis, following a formal tendering procedure, LIFT Companies are established to deliver schemes identified by the local LIFT partnership.
- 2.2 The partnerships are designed for the long term (20 – 25 years) with a targeted £1b private investment sought by 2010. To date 42 schemes have been established nationally in 3 waves. The 4th wave, announced in November 2004, includes a further 8 schemes of which the South West Hampshire LIFT Scheme is one.
- 2.3 The SW Hants LIFT consortium is being developed by Southampton City PCT, South West Hampshire PCT Alliance, Mid Hampshire PCT and Hampshire Partnership Trust. All Local Authorities in the areas served by these organisations are being encouraged to become participants.
- 2.4 The project requires that an advert is placed in the Official Journal of the European Union (OJEU) inviting expressions of interest from the private sector. The advert for the South West Hants LIFT will be published in October 2005. Any organisations wishing to participate in the partnership must confirm before the OJEU notice is published.
- 2.5 Once created the LIFT Company will operate within a framework established by a Strategic Partnering Agreement (SPA) with the company being overseen by a Strategic Partnering Board (SPB). Completed schemes are rented back to occupants by the LIFT Co under a Lease Plus Agreement (a cross between a conventional lease and a PFI style project agreement). The Council will have a seat on the SPB if it joins the initiative.
- 2.6 The LIFT process is lengthy and technically complex. An initial agreement to be included in the OJEU notice will then need to be followed up by a number of NFDC staff meeting the LIFT Project Team and considering documents which will need to be signed by the Council in due course.

3. BENEFITS TO LOCAL AUTHORITIES

3.1 There are a number of benefits to Local Authorities in participating in LIFT Companies:

- Take advantage of the same procurement mechanisms for construction of their own facilities, or develop in partnership with health service bodies.
- Ability to influence health care delivery and service provision within own area through input to the SPA and involvement on the SPB.
- Savings in procurement costs.
- Attraction of bidders and value for money bids.

4. OPTIONS AND RISKS FOR LOCAL AUTHORITIES

4.1 The principle options for Local Authorities are:

- No involvement at all;
- Level 1 Being named as a contracting authority in the LIFT OJEU Notice but not signing any of the three LIFT agreements;
- Level 2 To agree to be a participant under the SPA without signing either the shareholders agreement or any Lease Plus Agreements for facilities;
- Level 3 To agree to be a participant under the SPA and sign at least 1 Lease Plus Agreement;
- Level 4 Take up shares in the LIFT Co. This option can either be combined with levels 2 or 3 or can be a stand alone option.

Of those Local Authorities that have chosen to participate in the LIFT Co's established to date, the majority have entered at either level 1 or 2.

4.2 Whilst it is unlikely that NFDC will have any health related schemes that it would wish to fund in the short to medium term there are clear advantages to the Council in having some involvement in the new LIFT Co. Future possible development of premises with local health and social care is possible using the LIFT process, but will be impossible if the Council is not a part of the LIFT process. Immediately the main advantage is the ability to influence the development of local health services within the District.

4.3 It is therefore proposed that NFDC agrees to participate at level 2. This would provide the ability to influence the content of the Strategic Partnering Agreement (SPA) and would enable participation on the Strategic Partnering Board (SPB). NFDC would need to be named as a contracting authority in the LIFT OJEU Notice. This option gives the Council the right to be included in future LIFT premises development without the obligation to do so.

4.4 It the Council wishes to join it has to do so at the outset and cannot join later.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications from joining at level 2. If the Council were not a member of LIFT it could miss out on potential savings on procurement in the future. LIFT opens up an alternative means of funding new facilities.

6. CONCLUSIONS

6.1 At this stage there appears to be no reason why the Council should not participate in the South West Hampshire LIFT Scheme. The new LIFT Co will provide an opportunity for NFDC to influence the development of local health services within the district. There is no financial cost or risk associated in participating at level 2 other than officer or Member time.

6.2 Further work will need to be carried out by NFDC officers with the LIFT Project Team to consider relevant documents before the Council finally signs up to the process.

7. RECOMMENDATIONS

7.1 That NFDC indicates that it is prepared to commit to participate at level 2 in the South West Hampshire LIFT Scheme, subject to final approval of all relevant legal, financial and technical documentation.

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Background Papers:

None