

**Manchester City Council
Report for Resolution**

Report To: Executive – 15th September 2010
Subject: MaST LIFT
Report of: David Regan, Director of Public Health and Partnerships

Summary

The purpose of this report is to update the Executive the position in relation to MaST LIFT and to recommend the Executive to approve, subject to negotiation of terms, variations to the Strategic Partnering Agreement and the Shareholders Agreement and all other ancillary documents.

Manchester City Council is a partner in MaST LIFT and as such any changes to the joint venture agreement require the approval of the Executive. These changes will benefit our NHS partners and will not affect the delivery of the Miles Platting joint service centre.

Recommendations

It is recommended that the Executive:

1. Approve the proposed variations to the Strategic Partnering Agreement and Shareholders Agreements as set out in the report and all other ancillary documents;
 2. Delegate authority to the Chief Executive in consultation with the City Solicitor to negotiate and agree the final terms of the agreements.
 3. Authorise the City Solicitor to complete the necessary documentation in relation to the above.
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Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	N/A
Reaching full potential in education and employment	N/A

Individual and collective self esteem – mutual respect	N/A
Neighbourhoods of Choice	N/A

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk management
- Legal Considerations

Financial Consequences – Revenue

There are no financial consequences in respect of revenue. No annual dividend is due to the Council .

Financial Consequences – Capital

Development of future schemes could be delivered through existing framework arrangements, which could provide a more cost effective solution.

Financial Consequences – VAT

There are no financial consequences in respect of VAT

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report.

Report to the Executive dated 25th June 2003

1. Background

- 1.1 Since 2002 The NHS Local Improvement Finance Trust (LIFT) has been the primary mechanism in use by primary care services to deliver an accelerated programme of capital developments to facilitate the modernisation of primary care health services.

LIFT was designed to support the vision of the NHS Plan for an accessible Health Service designed around patients' needs, with enhanced integrated primary, community and social care services.

LIFT schemes have contributed to the priorities of the Manchester Community Strategy through clear aims to reduce health inequalities. The schemes aim to contribute to local regeneration and neighbourhood renewal by ensuring the quality of life of local residents is improved through enhanced public services, and that broader private investment is targeted towards areas of highest deprivation.

- 1.2 In 2004 the Council entered into a strategic public/private partnership arrangement in relation to the establishment of a LIFT company to take forward various Lift projects. Each LIFTCo has been established as part of a national joint venture, Partnerships for Health, which was established between the Department of Health and Partnerships UK (itself a joint venture between the Treasury and the private sector) to oversee and invest in LIFT. Partnerships for Health takes a 20% shareholding in each local joint venture company (LIFTCo). A further 20% of the shares in the LIFTCo is owned by stakeholders in the local health economy and the remaining 60% by a private sector partner as indicated in point 1.3. The LIFTCo role is to attract private investment into primary health and social care capital developments in order to facilitate the modernisation of health and social care services.

- 1.2 The Public sector organisations participating in the LIFT project through MaST Liftco as referred to in paragraph 1.4 (the "Participants") are as follows:

Manchester City Council	North Manchester PCT
Central Manchester PCT	South Manchester PCT
Trafford North PCT	Trafford South PCT
Trafford MBC	City of Salford Council
Salford PCT	Greater Manchester Ambulance Service

- 1.3 The private sector company which is involved in this LIFT project is Primary Plus Holdings Ltd (formerly Excellcare Limited).
- 1.4 Manchester, Salford and Trafford Lift ("MaST Liftco") is the corporate entity for the partnership between the public sector and private sector which was established to take forward a number of LIFT projects throughout the administrative area of the three authorities.

1.5 To date MaST Liftco has completed the following LIFT projects:

Walkden Health Centre
Pendleton Health Centre
Eccles Joint Service Centre
Ancoats Health Centre
Lower Kersal Health Centre
Cheetham Hill Health Centre
Brunswick One Stop Centre
Benchill One Stop Primary Care Centre
Douglas Green Energise Centre
Openshaw Health Centre
Wythenshawe Health Centre (adjoining the Forum)
Partington Health and Social Care Centre

2. Shareholders Agreement

2.1 The Council and other shareholders in MaST Liftco entered into a Shareholders Agreement (“SHA”), which in summary sets out the governance arrangements of MaST Liftco and the management of and decision making of MaST Liftco

3. Strategic Partnering Agreement

3.1 The Council and other Participants also entered into a strategic partnering agreement (“SPA”) with MaST Liftco, which in summary sets out the nature of the long term partnership between the private and the public sector and the fact that MaST Liftco has the sole and exclusive rights to provide partnering services and develop new projects to the PCTs. It also gave the Council the ability to draw down services to support its own capital development programme including design services.

4. Recent Decisions

4.1 Primary Plus Holdings Ltd made a proposal in October 2009 in relation to the 6 NHS LIFT schemes in which it is a participant nationally. MaST LIFT was one of these schemes. The proposal was tabled at a meeting of MaST LIFT shareholders in October 2009 including representation from the Council. The proposal related mainly, in summary, to the removal of exclusive rights of the LIFT companies in each LIFT area to develop future projects and to provide partnering services for future projects with the relevant Participants. The proposal was approved by shareholders as LIFTCo was unable to develop a sustainable business plan for 2009/10 because of a lack of public sector capital development projects coming forward from the local stakeholders.

5. Changes and Purpose

5.1 Following various discussions with the Participants it was decided that steps would be taken in each LIFT area to amend the SPA and Strategic Partnering

Board (SPB) as follows:

- (a) MaST Liftco would no longer have the exclusive rights granted under the SPA, including no longer having the right to develop future projects or to provide partnering services in relation to developing new projects for the PCTs;
- (b) MaST Liftco would:
 - (i) Continue to carry out its obligations (including partnering services) in relation to existing developments and obligations; and
 - (ii) Continue to fulfil its commitments in relation to developments already in the pipeline; and
- (c) the future role of the SPB would be restricted to existing and pipeline schemes.

5.2 The main impact of the proposed changes are, in summary, that:

- (a) the Participants will no longer be obliged to use MaST Liftco for developing all new projects and for providing partnering services as has previously been required to do so;
- (b) the Participants will need to procure all works and services associated with any future developments and/or partnering services. The Council will, therefore, no longer have the right to use MaST Liftco without following a separate procurement exercise

6. Legal Documents

6.1 The following documents will need to be amended or waived to effect the proposed changes as follows:

SPA	The Council will enter into a supplemental agreement to the SPA to vary the terms of the SPA
SHA	The Council will enter into a supplemental agreement to the SHA to vary the terms of the SHA
Finance Documents	The lender(s) will sign a waiver letter, waiving their rights to enforce those terms of the finance documents which might be breached as a result of the proposed changes

6.2 With regard to the Council's perspective in respect of the proposed changes, MaST Liftco did not have exclusive rights therefore the impact on the Council will be minimal. Under the terms of the SPA exclusivity only applies to NHS organisations where proposed capital expenditure exceeds £25K.

6.3 Whilst the Council is currently involved in a LIFT project at Miles Platting, the amendments to the documents do not affect this project. MaST Liftco will continue with the development of the Miles Platting Joint Service Centre.

7. Contributing to the Community Strategy

(a) Performance of the economy of the region and sub region

N/A

(b) Reaching full potential in education and employment

N/A

(c) Individual and collective self esteem – mutual respect

N/A

(d) Neighbourhoods of Choice

N/A

8. Key Polices and Considerations

(a) Equal Opportunities – N/A

(b) Risk Management

MaST Liftco will continue to develop the existing schemes, therefore the changes would not impact on the delivery of the Miles Platting Joint Service Centre

(c) Legal Consideration

The legal considerations are set out in the body of this report.