

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting14th May 2009

1. Title of Item/Report

Integrated Health and Social Care Facility, Billingham

2. Record of the Decision

Cabinet was presented with a formal update regarding the proposal for an Integrated Health and Social Care Facility in Billingham.

It was explained that the Council had committed to submit the Outline Business Case (OBC), which would finalise details of the scheme objectives and deliverables; and confirm costs, funding sources and affordability, including demonstration of value for money to the Department of Health (DH) by the end of March 2010.

Cabinet was informed that the key steps identified included the following:

- i. Establishment of a project team and the project parameters
- ii. Establish strategic and business needs of all partners
- iii. Identify, evaluate and mitigate project risks, opportunities and key milestones for all partners
- iv. Appoint advisors / consultants
- v. Clarify objectives and test suitability
- vi. Appraise project and possible procurement routes
- vii. Complete financial appraisal
- viii. Gain Stakeholder and Member approvals
- ix. Ensure land assembly
- x. Secure Planning permission

The Council had recently been notified that their allocation in principle had been increased to £35.155M of PFI credits (as per the original Expression of Interest EoI submission) and officers were now working to produce a Project Initiation Document (PID) and a more detailed and timetabled programme, the latter of which would be submitted to DH.

Furthermore a project team and board had been agreed and initial work identifying the strategic and business needs of the development was underway.

It was noted that a procurement strategy would be completed which

would address competing procurement issues and ensure the needs of both the Council and Teaching Primary Care Trust (TPCT) were met, whilst satisfying the objectives set out in the EoI.

4Ps, the local government partnership and project delivery specialist had discussed the use of their Gateway Reviews to help enable a successful OBC and subject to OBC approval, a final check before Financial Close. Cabinet was informed that the first gateway, Gate 1, was a peer review of the final draft OBC prior to submission to DH. It consisted of a 3 day review by a peer organisation which had previously completed a successful PFI. The cost of the review would be shared between the Council and DH with the costs to the Council anticipated at £7,500 (per review).

It was explained that as with any major project and investment opportunity, there would be costs associated with developing the scheme proposal. Although project management support had been identified internally (estimated 80% capacity of (Billingham) Regeneration Projects Manager) there would be costs of 'back filling' this role. A funding requirement of £50,000 p/a for 2 years had been identified to enable the fulfilment of Regeneration Projects Officer and Manager roles. Financial management support for the project had been identified via existing internal resource.

There would also be external financial, legal and technical support requirements to finalise the procurement route and develop the OBC. The Council had estimated that £170,000 was required for the support. This included the commission of 4Ps in a consultancy capacity working with the Council to progress the OBC at a capped fee of no more than £20,000.

Once the procurement route had been determined, and subject to OBC approval, costs associated with the actual procurement route were estimated in the region of £500,000 plus. It was noted that elements of these costs could be capitalised as part of the scheme and considered in the overall funding package.

It was noted that at present management costs associated with delivery i.e. building works were unknown although it was noted that following Financial Close any resource costs could be capitalised and met from the PFI Credits.

RESOLVED that the report be noted and the advertisement for and appointment of a Regeneration Projects Officer to support (whole) scheme development be authorised.

RECOMMENDED to Council that the report be noted and that authorisation be given for £270,000 to be funded from the one off resources outlined in the MTFP report (Cabinet February), required to develop the Outline Business Case, provide project management support and finalise the procurement route, as identified in sections 15-17 and summarised in section 21.

3. Reasons for the Decision

To enable the submission of Outline Business Case to the Department of Health to secure £35M Private Finance Initiative (PFI) credits toward an Integrated Health and Social Care Facility, Billingham.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

N/A

7. Date and Time by which Call In must be executed

By Midnight, Friday, 22nd May 2009 in respect of the resolution only

Proper Officer
19 May 2009