

The Highland Council

8 May 2014

Agenda Item	16
Report No	HC/5/14

Integrating Care in the Highlands – Property Arrangements

Joint Report by Depute Chief Executive, Director of Finance and Director of Development & Infrastructure

Summary

The purpose of this report is to advise the Council of steps taken by officers to progress the property arrangements made between the Council and NHS Highland as part of the ICH Programme.

The Council is asked to note the arrangements made for transferring accommodation for the remainder of the term of the current partnership agreement, to homologate the decision to enter into a lease arrangement with the NHS and to delegate authority to officers to negotiate and finalise arrangements for the remaining properties.

1. Background

- 1.1 In March 2012, the Council and Highland Health Board, operating as NHS Highland, entered into a partnership agreement to improve outcomes for the people of Highland through the development of integrated services. From 1 April 2012, in terms of the agreement which was to run for five years from that date, NHS Highland became the lead agency for adult services and Highland Council became the lead agency for children's services.
- 1.2 Over the preceding 15 months, a programme of work had focused on preparing the way for the transfer of functions between the organisations so that new integrated services could be developed. Considerable work had taken place with the emphasis on ensuring no break in continuity of service and no changes which might be detrimental to the outcomes sought by users, carers and staff.
- 1.3 In relation to transfer of properties between the two organisations in March 2012 the partners agreed an interim solution that involved NHS Highland occupying the transferring care homes, day centres and offices under a short term licence to occupy arrangement until such time as a model for property ownership and management had been developed for the remainder of the five year term of the agreement. It was envisaged at that time that a longer term solution would have been implemented after one year.
- 1.4 It was reported to Council in March 2012 that further work would be

undertaken by the partners to develop a long term model for property ownership and management and that the Partners had agreed to work together to enter into a property arrangement in order to regulate such long term arrangements.

2. Progress

2.1 The Joint Highland Council and NHS Highland Leadership and Performance Group set in place arrangements for a programme management approach to the various workstreams. The ICH Programme Board has regularly discussed the progress of the Property Workstream and provided guidance on reaching an appropriate solution.

2.2 While there was agreement between the organisations that a lease presented the best long term option for property, the lease could not be finalised due to certain regulatory difficulties. In a report to the Programme Board in April 2013 the Council's Director of Finance explained that the Council and the NHS operate under different financial regulations which govern the way capital expenditure is accounted for and how VAT is treated. The Programme Board agreed not to proceed with the lease until these difficulties had been addressed.

2.3 The challenges raised by the different financial regimes under which the NHS and the Council operate were addressed following discussions held with the Scottish Government and Audit Scotland. At the same time, work progressed between the Council and NHS Highland on agreeing the heads of terms of the lease. Discussions were complex and included input from Property, Finance and Legal teams. When the regulatory difficulties were addressed, Finance colleagues gave the go ahead to proceed to enter into the lease agreement. It was agreed by the Programme Board that lease arrangements for the 29 properties occupied by the Council prior to 1st April 2012 and now wholly occupied by NHS would be in place for the commencement of the new Financial Year on 1st April 2014.

3. Terms of Lease

3.1 In terms of the lease, the properties will continue to be occupied for the remaining term of the partnership agreement by NHS Highland. Maintenance will be carried out by the NHS upon receipt of an annual revenue budget transfer from Highland Council. Capital Works Projects will be undertaken by the Council. The NHS will submit a Capital Investment Programme annually to the Council and the Council will consult the NHS before prioritising the projects to be included in the Council's Capital Programme within available resources. This method of working provides the clarity of responsibility that each organisation requires.

3.2 The amount of maintenance budget to be transferred annually has been calculated on the basis of the average five year spend profile for the 29

properties involved which are listed at Appendix One to this report. The maintenance budget for the year 2014/15 is £450,090. The annual amount will be adjusted at the time that any properties are removed from or added to the lease arrangement

- 3.3 NHS Highland will provide quarterly reports to the Council on maintenance performance and actual expenditure incurred. Maintenance service contracts will remain as they are until the contracts come up for renewal. Opportunities for the Council and NHS Highland to jointly procure maintenance contracts in future are being explored to save money and to improve the service obtained.
- 3.4 An offer to lease setting out the whole terms and conditions upon which NHS Highland will occupy the 29 properties was drafted, discussed and agreed. Through their respective legal teams the formal offer of Lease was issued by Highland Council and was accepted by NHS Highland. As a result, a binding contract of lease for the 29 properties was concluded for a three year period with effect from 1st April this year.

4. Homologation

The formal offer of Lease was issued on behalf of Highland Council on the authority of the Depute Chief Executive, the Director of Finance and the Director of Development and Infrastructure in consultation with the Chairs of the relevant Committees. The Council is asked to homologate the decision to enter into the lease arrangement noting that they do so in implementation of the partnership agreement entered into between the Council and the NHS.

5. Shared Occupancy Properties

- 5.1 In addition to the 29 properties occupied exclusively by NHS Highland, there are approximately 28 properties owned or leased by the Council which since April 2012 have been partially occupied on a full time or part time basis by NHS Highland for the delivery of Adult Services functions. There is a similar number of health centres, GP surgeries, hospitals and offices owned or leased by the Scottish Ministers on behalf of NHS Highland where Highland Council occupy one or more rooms on a full time or part time basis for the purposes of Children Services Functions. There is one property leased by the Scottish Ministers on behalf of NHS Highland which is now occupied exclusively by Highland Council for the purposes of the Children Services functions.
- 5.2 The Council is asked to delegate authority to the Depute Chief Executive and the Director of Development and Infrastructure to finalise arrangements with the NHS for the remainder of the term of the current partnership agreement for the other properties listed in the agreement including those occupied on a shared occupancy basis under the terms of the partnership agreement.

6. Implications

- 6.1 Resource – The transfer of the revenue budget to the NHS takes place from existing resources. Capital expenditure will be agreed within available resources. The transfer of a proportion of the Council's Property Maintenance Budget will reduce flexibility over the actual expenditure on the rest of the Council's estate. However this is an important step forward in terms of Integrating Care.
- 6.2 Legal – The Council has entered into a binding contract of lease.
- 6.3 Climate Change / Carbon Clever - There are no immediate Climate Change / Carbon Clever implications. However, the ICH project will in time deliver positive outcomes in terms of a shift in care towards community based services.
- 6.4 Equalities Implications -There are no immediate Equalities implications arising from the Property Workstream of the Project. However, the ICH project as a whole will provide a positive impact for clients who require additional care because of disability or age and can be supported in their home or through a range of individually tailored support mechanisms. This helps the Council meet its equality duties under the Equality Act 2010.
- 6.5 Risk – The NHS and the Council have statutory responsibilities in relation to property. The lease agreement has been drafted to advance the aims of the partnership agreement and requires the NHS to utilise the transferring budget to maintain the properties. Quarterly reports on NHS expenditure on maintenance will ensure that the transferred budget is spent on the Council properties. In this way, risk for the Council has been minimised.
- 6.6 Gaelic – There are no implications arising from this report.

Recommendation

Members are asked to:

- Note the lease arrangements which were agreed by the ICH Programme Board
- Homologate the decision of the Depute Chief Executive, Director of Finance and the Director of Development and Infrastructure in consultation with the Chairs of the relevant Committees, to enter into a binding agreement to lease to NHS Highland the care homes, day centres and offices occupied by NHS Highland under the Partnership Agreement
- Delegate authority to the Depute Chief Executive and Director of Development and Infrastructure to negotiate and finalise arrangements with NHS Highland for the remaining term of the Partnership Agreement for the accommodation occupied under shared occupancy arrangements and for the NHS property occupied by Highland Council.

Designation: Depute Chief Executive, Director of Finance and Director of Development & Infrastructure

Date: 28 April 2014

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Appendix One -Properties/ Premises Leased to NHS Highland until 31 March 2017

Care homes

1. Bayview House, Orlig Street, THURSO KW14 7JZ
2. Wade Centre, Spey Street, KINGUSSIE PH21 1JQ
3. Grant House Resource Centre, Castle Road East, GRANTOWN-ON-SPEY PH26 3HR
4. Telford Centre, Abertarff Place, FORT AUGUSTUS PH32 4DR
5. Ach an Eas Residential Home, 21 Island Bank Road, INVERNESS IV2 4QN
6. Invernevis House Main Building, Belford Road, FORT WILLIAM PH33 6ES
7. An Acarsaid Centre - Main Building, Corrie Road, Broadford, ISLE OF SKYE IV49 9AB
8. Seaforth House Resource Centre, 91 Main Street, GOLSPIE KW10 6RH
9. Caladh Sona Community Care Unit, Talmine, LAIRG IV27 4YS
10. Pulteney House Resource Centre, North Murchison Street, WICK KW1 5HL
11. Lochbroom House, Ladysmith street, ULLAPOOL IV26 2UW
12. Strathburn House, Strath, GAIRLOCH IV21 2BZ
13. Melvich Community Care Unit, 1-4, Sinclair Court, Melvich, THURSO KW14 7YU
14. Mackintosh Centre Main Building, Annies Brae, MALLAIG PH41 4RG
15. Dail Mhor, Strontian, ACHARACLE PH36 4JA
16. Beachview Lodge Respite Centre, Muirfield Road, BRORA KW9 6QY
17. Grant Street Hostel, 16 Grant Street, WICK KW1 5AY

Day Centres

18. MacKenzie Centre, 23A Culduthel Road, INVERNESS IV2 4YH
19. The Glen Centre, 17 Kinveachy Gardens, AVIEMORE PH22 1RX
20. Lybster Lunch Club, 9 Jeffrey Street, LYBSTER KW3 6AF

21. Corbett Centre, Coronation Park, INVERNESS IV3 8AD
22. Isobel Rhind Centre - Building, Academy Road, INVERGORDON IV18 0GH
23. Beachview Lodge Resource Centre, Muirfield Road, BRORA KW9 6QY
24. Caberfeidh Centre, High Street, KINGUSSIE PH21 1HS
25. Bruce Gardens Day Centre, 23 Bruce Gardens, INVERNESS IV3 5EN
26. Lochinver Drop in Centre, 24 Main Street, Lochinver, LAIRG IV27 4JY

Offices and Other

27. Registrars & Social Work Office, Ferry Road, DINGWALL IV15 9QW
28. Resource Centre for the Deaf, 16 Kenneth Street, INVERNESS
29. Airdferry Resource Centre, Dornie