Liverpool and Sefton NHS LIFT Project

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The Liverpool and Sefton project to build 10 new health facilities in the north west of England closed on 18 June 2004 with initial capital value of £12m (US$22m) – the first in the second wave of LIFT projects. The project will see the new facilities built across Liverpool and Sefton within the next two years.

The first three schemes will be delivered in West Everton, Litherland and Ainsdale. These will be followed by a further seven schemes in Walton, Speke, Fazakerley, Anfield, Picton and two in Southport.

The final seven schemes will need a further £48m (US$86m) of investment, bringing the total project cost to £60m (US$108m).

The private sector investment comes from the gbconsortium – a consortium consisting of Galliford Try Investments, Bilfinger Berger BOT, BHE Holdings and Sapphire Primary Care Developments. The consortium is also involved in two other LIFT schemes in Liverpool and Coventry.

The public sector is represented by the central Liverpool, north Liverpool, south Liverpool, south Sefton and Southport & Formby primary care trusts (PCT) and Partnerships for Health (PfH).

The project

gbconsortium was named preferred bidder for the Liverpool and Sefton NHS LIFT project at the end of 2003. Shares in the consortium are split between Galliford Try (10 per cent), Bilfinger Berger (40 per cent), BHE Holdings (40 per cent) and Sapphire Primary Care (10 per cent).

As well as the five PCTs and PfH, the project is supported by two unitary councils – Liverpool City Council and Sefton Borough Council – Cheshire and Merseyside Strategic Health Authority, Merseyside Ambulance Trust and Mersey Care NHS Trust.

When the project reached financial close, Ian Williamson, chair of the Liverpool and Sefton NHS LIFT project board told board members: 'The Liverpool and Sefton NHS LIFT initiative will demonstrate how the public and private sectors can work together to improve services for patients.

‘The NHS LIFT initiative is a significant investment in health services for the people of Liverpool and Sefton and we all look forward to the benefits that the improvements in facilities and services will bring over the next two years and beyond.’

The first three of the 10 schemes are:

Ainsdale, cost around £3m (US$5.4m) – will provide new primary care treatment facilities with a mix of bookable group activity rooms, meetings and seminar rooms and a centre dedicated to the community for health related activities West Everton, cost about £4m (US$7.3m) – consists of a range of GP, nursing and therapy services along with dental care, an optician and outpatient services. The first project to be put forward for the construction phase Litherland neighbourhood care centre, cost around £5.2m (US$9.3m) – will accommodate two GP practices, 2 dental practices, a total care facility for chronic conditions, a treatment service, diagnostic services (including x-ray facilities), a range of out of hours services, a cardiac and pulmonary rehabilitation gym.

The LIFT deal

Shares in the LIFT company are split between the PCTs, gbconsortium and PfH with a ratio of 20:60:20.

Stuart Gavurin, director of LIFT projects at BHE Holdings, explains that the timeline for the project is fairly frenetic.

‘After the first three sample schemes, three more will close by the end of year and three more will close by May 2005,’ says Gavurin. ‘An extra individual project will be included in the second or third schemes bringing the total to 10, but we’re still negotiating on that.

‘Then the question is what next comes out of the strategic service development plan. It’s a moving document and we are constantly evolving it to see what the LIFT scheme can deliver.’

The contract

The General Practice Finance Corporation (GPFC) – part of Norwich Union – was the sole funder for the project and provided a £60m (US$108m) debt facility.

The debt:equity ratio was 91:9 and the equity was £3.9m (US$7m) split between the private and public sector shareholders. The money has a 25-year debt tenor once construction of initial sites has been finished and the pricing was 6.65 per cent per annum for the first facility amount.

The consortium’s legal advisor is Pinsents and its financial advisor is Robson Rhodes. The public sector partner’s legal advisor is Capsticks and its financial advisor is PwC. The legal advisor to the banks was Cambridge-based Mills & Reeve and the legal advisor to the government was Beachcroft Wansbroughs.

A spokesperson from GPFC said that due to confidentiality issues the bank was not able to comment on individual cases, but in general terms GPFC provided debt facilities based on cashflow and does not limit the amount lent based on the equity stake. It provides the funds for the sample schemes at financial close, with further tranches following at later dates.

Conclusion

‘LIFT was set up to enhance the procurement of primary care delivery,’ says BHE Holdings’ Stuart Gavurin. ‘Good buildings don’t make good primary care, but good primary care exists in good buildings. Good buildings enhance the delivery of good primary care, and this is what the government wants to do – encourage more to be done at the primary care level rather than at the acute hospital level.

‘In order to do more, you have to have bigger and better buildings and bigger and better facilities. As a procurement method it’s still new, but LIFT gives health authorities the chance to build better primary resource centres.’

In Liverpool, the fact that it has been confirmed that five PCTs will begin construction on 10 primary care resource centres between now and this time next year is as good an indication as any that the concept is working.