


Grants Determination Sub-Committee 5 th December 2017	 TOWER HAMLETS
Report of: Denise Radley, Director, Health, Adults and Community	Classification: Unrestricted
IDF: Approval of the Allocation of S106 and CIL Funding for the Following NHS Projects: Wellington Way Health Centre (New Build Extension); Aberfeldy Village Health Centre; and Suttons Wharf Health Centre	

Originating Officer(s)	Danielle Solomon, Public Health Specialty Registrar Abigail Knight, Associate Director Public Health
Wards affected	Bethnal Green, Bow West, Bow East, Mile End, Bromley, Bromley, Bromley South, Blackwall and Cubitt Town and St Peters
Key Decision?	Yes
Community Plan Theme	A healthy and supportive community

Executive Summary:

This report relates to the release of up to £7,454,475.06 of section 106 resources to NHS Tower Hamlets Clinical Commissioning Group (CCG) to deliver increased capacity, access and service provision via a number of premises improvements across primary care to enhance local GP services. This funding is divided into; £1,493,700 for Wellington Way Health Centre, £3,119,421 for Aberfeldy Village Health Centre and £2,841,354.06 for Suttons Wharf Health Centre.

Project funding for the delivery of this project has been secured through a number of Section 106 contributions as approved by cabinet in September 2017.

Population growth in Tower Hamlets will increase demand for primary care services. Primary care has been tasked with helping to reduce the funding gap across the NHS by providing more personalised, accessible community based services that will reduce avoidable pressures on hospital resources. An investment in primary care premises is necessary in order to respond to this requirement and to allow an increase in consultations with primary healthcare professionals.

Within the context of increasing financial challenges it is becoming ever more difficult for health services to fund new facilities and alternative funding sources are being pursued to cross-subsidise. The NHS in Tower Hamlets has a successful record in delivering health infrastructure initiatives aided by S106 contributions in partnership with the Council and a capital investment to improve primary care facilities and increase access to primary care is therefore appropriate through this route.

Recommendations:

The Grants Determination Sub-Committee is recommended to:

1. Approve the grant funding of £7,454,475.06 to NHS Tower Hamlets CCG to deliver increased capacity, access and service provision in primary care and maintain continuity of local GP services.

1. REASONS FOR THE DECISIONS

- 1.1 Tower Hamlets is one of the most deprived boroughs in the country and the population is expected to reach nearly 315,000 by 2020¹. Both NHS Tower Hamlets Commissioning Strategic Plan 2012 – 2015 and the Tower Hamlets 2016 - 2020 Health and Wellbeing Strategy highlight the development of health premises and the refurbishment of facilities as key to supporting both the integration and localisation of services linked with local area partnerships. The Commissioning Strategic plan describes the course of action to improve health outcomes for the local population and has a commitment to improve the quality of life for everyone in the borough by working in partnership with key stakeholders including the London Borough of Tower Hamlets.
- 1.2 Rapid population growth, stimulated by new residential development, is driving increased demand for healthcare provision in the affected localities. The proposed new health facilities and expansion will help build the extra clinical capacity that will be required to meet the increased demand for primary care.
- 1.3 Given the difficulties in obtaining new premises and the space and financial constraints on primary care services, the capital investment will enable GP Practices to increase their appointments and clinical capacity.
- 1.4 The projects will allow a greater level of service to be offered to patients; including 43,200 new patient appointment slots in the North-East Locality for Wellington Way, 36,000 new patient appointment slots in the North-West Locality for Suttons Wharf and 86,400 new patient appointment slots in the South-East Locality for Aberfeldy Village.
- 1.5 Finances will be spent in accordance with the s106 obligation and will deliver projects identified and agreed with the contributors in compliance with the s106 agreement.
- 1.6 Funding of the Project was approved by Cabinet in September 2017.

¹ GLA Population Project, 2014 round , Short Term Trend

2. ALTERNATIVE OPTIONS

- 2.1 Do nothing, this would not achieve the objective to increase capacity, access and service provision in primary healthcare and additionally lead to the impact of development across the Borough upon health services to be unmitigated.

3. DETAILS OF REPORT – Aberfeldy Village

- 3.1. The shell and core health facility within the Aberfeldy New Village development is scheduled for completion and hand over to the NHS in June 2019. S106 funding is sought to undertake the fit out of the shell and core premises to enable a re-provision for the Aberfeldy GP Practice. The fit-out works are expected to take approximately 12 months.
- 3.2. The Aberfeldy Practice will occupy a gross internal area of 1,181 m² spread across the ground and first floors of the Aberfeldy New Village development at East India Dock Road, E14 0HR, which is situated less than 500 metres from the existing Aberfeldy Practice premises at 2A Ettrick Street, E14 0PU. As well as providing a new health facility, the Aberfeldy New Village development will comprise residential units, retail, a community centre and a faith centre. The development is being led by Aberfeldy New Village LLP, a joint venture partnership between Poplar HARCA and Willmott Dixon. The map below shows the locations of the new health facility and the existing Aberfeldy Practice premises.
- 3.3. The existing Aberfeldy Practice premises are severely under-sized and lack the physical capacity to accommodate the additional doctors and nurses that will be needed to meet the future needs of the population in the South-East Locality. The Aberfeldy Practice's current clinical workload, measured by GP and nurse contacts is approximately 57,500 contacts per annum, and the utilisation rate of clinical space is now running at 100% during opening hours, with only very limited room for further expansion within the footprint of the existing practice premises.
- 3.4. To ease the immediate pressures on the Aberfeldy GPs, there are currently plans to carry out alteration works to create a new consulting room within the existing Ettrick Street building and to install a portacabin to provide a second clinic room on the grounds of the premises. Two additional clinical rooms will enable the Practice to continue to take on new patients over the next two years, rather than having to close the patient list. The planned alteration works and Portacabin are being funded as part of the maximising existing health infrastructure project. However, the provision of two more consulting rooms at Ettrick Street is only a temporary, short term solution. Additional health infrastructure will be required to meet rising demand resulting from rapid population growth in the Locality over the next five years and beyond.
- 3.5. The proposed new health centre would provide the modern facilities and clinical capacity needed to enable the Aberfeldy Practice to register new patients who will move into the catchment area over the next five years,

serving the population of the Lansbury, Limehouse, and Poplar and Blackwall and Cubitt Town Wards, within the South-East Locality.

3.6. The fitted-out Aberfeldy Village Health Centre premises will provide up to 21 clinical rooms, compared to nine rooms at the existing surgery. A counselling/interview room and a large multi-purpose group room will also be provided at the Aberfeldy Village site. The new facility will serve as a key resource for the local community for public health and health promotion activities, and will be accessible in the evenings and at weekends

3.7. The s106 contributions funding the project are outlined in the attached PID and are set out below.

Description	Amount	Funding Source	Funding (Capital/ Revenue)
Construction costs	£1,810,000	s106	Capital
Project contingency / optimism bias	£206,600	s106	Capital
Professional fees	£272,000	s106	Capital
Furniture & equipment	£250,000	s106	Capital
IT	£90,000	s106	Capital
Project development & legal	£50,000	s106	Capital
VAT (less estimate for VAT recovery)	£439,821	s106	
Total	£3,119,421		

3.8 The expected timelines are as below;

ID	Milestone Title	Baseline Delivery Date
1	NHS Business Case	Sep – 18
2	Contracts appointed	Jul – 19
3	Contracts start on site	Oct – 19
4	Contracts end on site	Apr – 20
5	NHS Commissioning process start	Jul – 20
6	Facilities open to Public	Oct – 20
7	Project Final Account	Mar - 21

- 3.9 The funding will only be released to TH CCG once confirmation is received that the works have been satisfactorily completed. The oversight for the delivery of this project and general monitoring of healthcare capacity will be undertaken by the Tower Hamlets Together Capital and Estates group, which has representatives from the Council, TH CCG, Barts Health and the East London Foundation Trust.

4. DETAILS OF REPORT – Wellington Way

- 4.1. This project will involve the construction and fit out of a new ground floor, single storey extension to the newly refurbished Wellington Way Health Centre. The development will provide six additional clinical rooms at the Wellington Way site. The proposed development is intended to contribute to delivery of additional clinical capacity that will be required to meet the primary healthcare needs of the population of the Bow West, Bow East, Mile End, Bromley and Bromley South Wards.
- 4.2. The Merchant Street and Stroudley Walk GP practices currently have a combined registered list of 9,666 patients². The extra clinical capacity provided by the new build extension will enable the two practices to expand their combined patient list by a further 5,000 over the next five years to 2021/22. The new facility will be fully integrated with the existing health centre building, enabling patients to access a wider range of community and specialist health services that will be provided from the site.
- 4.3. The new build extension will comprise a gross internal area (GIA) of 245.9 m². With the extension included, the health centre will have a total GIA of 1,192.6 m². The extension will be of a timber frame construction and situated on a part of the site that is currently used as a car park. Drop-off and disabled parking will continue to be provided at the site.
- 4.4. The structure of the extension will be specifically designed for future proofing, allowing for the option of building upwards, above the ground floor extension, at a later stage to create additional clinical capacity on the first-floor level, should there be a requirement to expand the facility in future years.
- 4.5. The s106 contributions funding the project are outlined in the attached PID and are set out below.

² Registered Patient List at 31st January 2017, recorded by THCCG

Description	Amount	Funding Source	Funding (Capital/Revenue)
Construction cost including prelims	£796,457	S106	Capital
Professional fees	£117,364	S106	Capital
Equipment, IT, project and legal costs	£244,514	S106	Capital
Contingency and inflation	£124,694	S106	Capital
VAT (less estimate for VAT recovery)	£210,671	S106	
Total	£1,493,700		

4.6. The expected timelines are as below;

ID	Milestone Title	Baseline Spend	Baseline Delivery Date
1	Final design/business case	£57,614	30/11/2017
2	Contractors appointed (contract signed)	£115,229	19/01/2018
3	Contractors start on site	£334,682	10/01/2018
4	Contractors end on site	£799,884	29/09/2018
5	End of contract defects liability period	£186,291	29/09/2019
Total		£1,493,700	

4.7. The funding will only be released to TH CCG once confirmation is received that the works have been satisfactorily completed. The oversight for the delivery of this project and general monitoring of healthcare capacity will be undertaken by the Tower Hamlets Together Capital and Estates group, which has representatives from the Council, TH CCG, Barts Health and the East London Foundation Trust.

5. DETAILS OF REPORT – Suttons Wharf

5.1. The shell and core of the development at Suttons Wharf has been completed and S106 funding is sought to undertake the fit out of the premises to enable a re-provision for the Globe Town Surgery to the nearby Suttons Wharf development. The fitted-out premises will provide 12 consulting rooms and 3 treatment rooms, as well as a multi-purpose group room and counselling room. Two of the consulting rooms will be dedicated GP training rooms.

5.2. The Suttons Wharf development was completed in 2015 and comprises over two hundred apartments contained within four modern tower blocks. The development is situated approximately 600 metres from the Globe Town

Surgery's existing practice premises. The Globe Town Surgery will occupy 992.8 m² of ground premises within Block A2 at the Suttons Wharf development in Palmers Road, Bethnal Green.

- 5.3. The existing Globe Town Surgery building, situated in Roman Road, is in poor condition and is far too small to provide the level of service that is required. The premises are held on a lease with a third-party landlord, which is due to expire in September 2020. The Practice will surrender its existing lease when the service relocates to the Suttons Wharf premises in September 2018. However, in the event of a failure to agree terms with the landlord for an early surrender of the lease, the CCG has undertaken to repurpose the use of the building temporarily and to meet the revenue costs for the rental charge and business rates and other associated property charges for the remaining two year term.
- 5.4. The new health centre will provide the modern facilities and clinical capacity needed to enable the Globe Town Surgery to grow its patient list from 13,000 to 18,000 over the next five years to 2022. The facility will provide the new infrastructure required to meet the primary care healthcare needs of the population of the Bethnal Green, Bow West, Mile End and St Peters Wards. The new Health Centre will serve as a key resource for the local community for public health and health promotion activities, and will be accessible in the evenings and at weekends.
- 5.5. The Globe Town Surgery also serves as the GP practice for the student population at the nearby Queen Mary University of London (QMUL). Due to the lack of space at the existing Roman Road premises, the Practice provides GP services to students from two clinic rooms that are currently housed within the Geography Building on the QMUL site. The new health centre will enable the student health service to be consolidated onto the Suttons Wharf site. The Practice has a high proportion of young people on its registered list and therefore plans to use the opportunity of a new facility to expand the range of services it provides to young people, including mental health and sexual health services.
- 5.6. Globe Town Surgery is part of the Tower Hamlets North West GP Locality. Primary care services that are commissioned on a locality basis are, for the most part, delivered from the Blithehale Health Centre, which serves as the Hub for the North-West Locality. There are, however, already capacity pressures at the Blithehale premises. The Suttons Wharf facility will therefore provide the additional capacity that will be required to meet future demand for locality level services, including out of hours provision.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 This report relates to the release of up to £7,454,475.06 of section 106 Capital funding to NHS Tower Hamlets Clinical Commissioning Group (CCG) to deliver increased capacity, access and service provision via a number of premises improvements across primary care to enhance local GP services.

6.2 Funding for this request was originally approved at September Cabinet and therefore has been included in the Local Authority's S106 Capital Plan.

6.3 This request for use of Capital funds is compliant with the S106 terms of use.

7. LEGAL COMMENTS

7.1 Section 106 Planning Obligations are secured pursuant to section 106 of the Town and Country Planning Act 1990. They are a mechanism whereby development proposals which would otherwise not be acceptable can be made acceptable in planning terms. They can impose financial and non-financial obligations on a person or persons with an interest in the land, and become binding on that interest.

7.2. As a contract, the Council is required to spend any monies received under a section 106 agreement in accordance with the terms of the agreement. It is therefore important to assess those provisions when allocating monies to a particular project. The Legal department has carried out this exercise in respect of this project and considers that the proposed use of the monies is in accordance with the purpose for which the monies were taken under the relevant agreements.

7.3. This report concerns the approval of grant funding of £7,454,475.06 to be provided to the NHS Tower Hamlets Clinical Commissioning Group ("the CCG") to deliver increased capacity, access and service provision via a number of premises improvements.

7.4. The grant is to be provided out of contributions received by the Council pursuant to fifty two (52) section 106 agreements, which were required to be used towards medical and health facilities within the borough. As the agreements do not specify a particular project which the contributions must be used for, or set out an organisation to which the contribution is to be paid, the Council is not under a legal duty to provide the payment to the CCG. It is however noted that, given the responsibilities and functions of the CCG, the Council will almost always need to pass section 106 contributions which are to be used towards health facilities to them. Even so, this payment is considered discretionary and to be a grant.

- 7.5. From the information provided it appears that the grants are capable of being supported under the Council's powers, specifically under section 76 of the National Health Service Act 2006 whereby the Council has the power to make payments to a clinical commissioning group towards expenditure (either capital or revenue) incurred by them in connection with their prescribed functions (including medical services).
- 7.6. The Council has a duty under Section 3 of the Local Government Act 1999 to ensure that it makes arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This project follows work undertaken by the CCG to identify any additional capacity that could be provided in existing premises. Through this work one (1) GP practice was identified that could make improvements in order to increase capacity and provide more clinical appointments and two (2) GP Practices were identified that could be re-provided as new facilities at different locations in order to better serve members of the public. The project will be managed in accordance with the Department for Health guidance and up to date health building note, and progress reporting will be to the CCG led Tower Hamlets – Estates Strategy Group. The project is considered to achieve best value.
- 7.7 The Treaty on the Functioning of the European Union (“the Treaty”) provides that certain government activities may be prohibited because they give an advantage in a selective way to certain entities (broadly speaking organisations that put goods or services on a market), which might affect competition within between Member States. Such activities may amount to prohibited state aid, or may be state aid which is either expressly allowed by the Treaty, or which may be allowed, dependent on the circumstances. Payments to a public body can amount to state aid where the organisation is engaged in economic activity (putting goods or services on the market). This is not considered to be the case here, and the assistance is not considered to distort (or have the potential to distort) competition because the CCG are exercising a statutory function in respect of the provision of medical services which does not bring them into competition with other organisations. As such the payment will not strengthen them as recipient relative to competitors and accordingly, we do not consider that this grant gives rise to any state aid issues.
- 7.8 When making decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty and information relevant to this is contained in section 8 of the report (One Tower Hamlets Considerations) and at paragraphs 3 of the PIDs (Background Documents).

8. ONE TOWER HAMLETS CONSIDERATIONS

8.1. The proposed buildings and improvements will increase capacity and access to provide more clinical appointments to all service users in the local population. These enhancements will benefit service users, in particular those who are more reliant upon health services including families with children, older people and those with complex health issues (including the disabled).

8.2. The project will not adversely affect people with protected characteristics.

9. BEST VALUE (BV) IMPLICATIONS

9.1. The delivery of this project ensures the Council meets its s106 obligations and spends funds in accordance with the agreement.

9.2. The project directly supports the HWB strategy to improve and develop local services; it also supports the Tower Hamlets' Commissioning Strategic Plan 2012 – 2015.

9.3. Additionally, through investing in primary care services, preventative steps are being taken to reduce demand upon hospital services which can often be more costly, thus supporting best value.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1. There are no implications.

11. RISK MANAGEMENT IMPLICATIONS

11.1. There is a risk that if the project is not approved, the benefits identified for the project relating to increased and improved access to local services, improved patient experience, increased GP registrations in the area will not be realised.

11.2. In addition if this is not approved then as it is proposing the delivery of works in accordance with S106 requirements then there is a risk of non-fulfilment of S106 requirements, particularly those which are time sensitive.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1. There are no crime or disorder implications.

13. SAFEGUARDING IMPLICATIONS

13.1. There are no safeguarding implications

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- NONE

Background Documents

- PID Wellington Way Health Centre (New Build Extension)
- PID Aberfeldy Village Health Centre
- PID Suttons Wharf Health Centre

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