

<p align="center">Cabinet Decision – Grants Determination Sub-Committee</p> <p align="center">7th November 2018</p>	 <p align="center">TOWER HAMLETS</p>
<p>Report of: Denise Radley, Director, Health, Adults and Community</p>	<p>Classification: Unrestricted</p>
<p>Approve the Change Note and subsequent changes that deviate from the initial PID that was approved in November 2017 of grant funding £3,119,421 to NHS Tower Hamlets CCG to deliver increased capacity, access and service provision in primary care and maintain continuity of local GP services.</p>	

Originating Officer(s)	Matthew Phelan, Programme Lead for Healthy Environments, Public Health
Wards affected	Lansbury, Limehouse, Poplar and Blackwall & Cubitt Town Wards
Key Decision?	Yes
Community Plan Theme	A healthy and supportive community

Executive Summary:

This report outlines a 'Change Note' of the 'Aberfeldy Village Health Centre' PID of August 2017. There have been significant delays to the programme due to the programme vision being revised with health partners; new delivery partners (NHS East London Foundation Trust) being identified replacing NHS Property Services as well as new leaseholder arrangements (Poplar Harca), formerly NHS Property Services, therefore this change note outlines new ways of working, updated governance arrangements and revised timescales.

This project sets out proposals for the relocation of the Aberfeldy General Practice, in the South-East Locality, to the Aberfeldy New Village Development in Tower Hamlets. Rapid population growth, stimulated by new residential development, is driving increased demand for healthcare provision in the Locality. The proposed new health facility at Aberfeldy Village will help build the extra clinical capacity that will be required to meet the increased demand for primary care.

Recommendations:

The Grants Determination Sub-Committee is recommended to:

1. Approve the grant funding of £3,119,421 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 86,400 new patient appointment slots in the South-East Locality, 21 new clinical rooms, capacity for 17,000 registered patients (the existing practice premises has capacity for a maximum of 9,000 patients), and new IT equipment, hydraulic examination couches, cabinetry, task chairs and other furnishings required for a fully equipped primary care medical facility.
- 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.

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 Aberfeldy Practice will occupy a gross internal area of 1,181m² 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.

¹ GLA Population Project, 2014 round , Short Term Trend

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.

- 3.2. 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.

Information was sought on how many patients on the Isle of Dogs are served by the Aberfeldy facility.

As of 1st October 2018, 3,202 Isle of Dogs residents are registered at the Aberfeldy Practice.

Approach to Delivery and On-going Maintenance/Operation

- 3.3. NHS Property Services will no longer lead the delivery of this project due to the GP preferring an alternative delivery model in partnership with community providers. East London Foundation Trust (ELFT) has been identified by NHS Tower Hamlets CCG to lead the delivery of this project and will apply effective public procurement, prioritising good design outcomes to maximise the social, environmental and economic benefits of the development.
- 3.4. The health facility will be in the ownership of Poplar HARCA as a virtual freehold. Poplar HARCA will be responsible for external repairs, whilst it is expected that maintenance of internal furnishings and equipment, utilities, rates and insurances will be the responsibility of the Aberfeldy Practice, in accordance with the terms of their lease agreement with Poplar HARCA. IT equipment will be maintained by Tower Hamlets CCG.
- 3.5. All on-going revenue costs arising from this project will be funded by the NHS. NHS Tower Hamlets CCG has agreed to fund the revenue costs for the increased charges for rent, business rates and IT licences. The Aberfeldy Practice will meet the increased costs for service charges.

Procurement

- 3.6. The proposed contractual arrangements in this procurement are as follows:
- East London Foundation Trust (ELFT) is an NHS body with which Tower Hamlets CCG works in partnership with via the Alliance Contract for the provision of Community Health Services. The value of the Client Project Management services that ELFT will provide to Tower Hamlets CCG in connection with the Aberfeldy project are estimated at £13,794 i.e. 0.75% of the value of the main works contract. A Tower Hamlets CCG

procurement exercise is not required in this case given the cost quoted by ELFT has been benchmarked against that of NHS Property Services (NHSPS) i.e. the ELFT cost is lower than NHSPS. ELFT will procure the sub-consultant services, main works contract etc. in line with NHS procedures i.e. as per NHS procurement regulations.

- East London Foundation Trust (ELFT) will procure the scheme design and fit-out works and manage the construction of this development, with capital funding provided via a Section 106 capital grant. Construction works are expected to be procured via a traditional form JCT tender, with invitations issued to a selected list of contractors who are proven at this scale and scope of ELFT fit-out, in accordance with the ELFT tendering guidelines. ELFT will appoint a professional design team, including a contract administrator who will be responsible for compliance in terms of valuations, payments and acceptance of practical completion prior to handover.
- Poplar HARCA will purchase a lease for the entire shell and core health premises at the Aberfeldy New Village Development for a term of 125 years at premium agreed between Aberfeldy New Village LLP and NHSPS
- Poplar HARCA will sub-let the fully fitted out medical suite to the Aberfeldy Practice via a full repairing, insurance lease agreement for an initial 30-year term
- NHS Tower Hamlets CCG will procure furnishings and IT equipment for the fitted out medical suite, with capital funding provided via a Section 106 capital grant
- The lease agreement for the existing Aberfeldy Practice premises will be assigned to Aberfeldy New Village LLP when the practice takes up occupation of the new facility. Under this agreement, Aberfeldy New Village LLP will assume full responsibility for all future liabilities associated with the disposal of the existing Aberfeldy Practice premises. The portakabin could potentially be relocated as a temporary provision at another site.
- The East London Foundation Trust (ELFT) and CCG procurements will be undertaken in accordance with NHS Standing Financial Instructions

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

Description	Amount	Funding Source	Funding (Capital/ Revenue)
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;

Project Outputs/Milestone and Spend Profile			
ID	Milestone Title	Baseline Spend	Baseline Delivery Date
1	NHS Business Case	54,250	Nov-18
2	Contractors appointed (contract Signed)	172,750	Jul-19
3	Contractors Start on site	44,750	Oct-19
4	Contractors end on site	1,551,593	Apr-20
5	NHS commissioning process start	883,796	Jul-20
6	Facilities open to Public	192,613	Oct-20
7	Project final account	219,669	Mar-21
Total		3,119,421	

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. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 This report outlines a change note to the Aberfeldy Village Health Centre capital scheme previously agreed as part of a wider request to Cabinet in September 2017.

- 4.2 The change relates to the arrangements for the delivery partner and the leaseholder of the Aberfeldy Village Health Centre. Previously NHS Property Services were responsible for both roles, however it is now intended that NHS East London Foundation Trust are the delivery partner, and Poplar Harca become the leaseholder for the health centre. These changes have no direct financial implications for the Council, as increases in on-going revenue costs will be funded by the NHS.
- 4.3 Overall funding for the project continues to be £3,119,421 from section 106 resources and will only be released to NHS Tower Hamlets CCG once satisfactory completion of works is confirmed.

5. LEGAL COMMENTS

- 5.1 The Council is not under any legal duty to make any grant payment to anyone, it however has general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals generally may do and that includes giving a gift to anyone in the form of a grant, subject of course to specified restrictions and limitations imposed by other statutes. The Council therefore has discretion under the 2011 Act, and under the Council's constitution the *Grants Determination Sub-committee* has power delegated from the Mayor, as to whom a grant may be made, whether this is made and for what purpose.
- 5.2 As the grant fund is only intended for release upon completion of the relevant works, the risk of the grant fund being used for other purposes is eliminated. The corporate director is advised to ensure the grant agreement includes an obligation on the CCG to ensure that procurement of the works and services are carried out in a manner that is consistent with law and that the Council will not be obliged to increase the grant on account of any increased project cost.
- 5.3 When considering whether to approve the grant, consideration should be given to the arrangements in place to ensure that the power that is exercised is consistent with the Council's best value arrangements. The Council is obliged as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (the Best Value Duty). Paragraph 7 below considers this in further detail.
- 5.4 When making grant 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. This report suggests approval

of this grant will enhance resources for public health services in a way that will tackle health inequalities and improve outcomes for local residents.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. The proposed building 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).
- 6.2. The project will not adversely affect people with protected characteristics.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1. The delivery of this project ensures the Council meets its s106 obligations and spends funds in accordance with the agreement.
- 7.2. The project directly supports the HWB strategy to improve and develop local services; it also supports the Tower Hamlets' Commissioning Strategic Plan 2012 – 2015.
- 7.3. 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.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1. There are no implications.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1. 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.
- 9.2. 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.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 There are no crime or disorder implications.

11. SAFEGUARDING IMPLICATIONS

11.1 There are no safeguarding implications

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- NONE

Background Documents

- PID Aberfeldy (2017)

Officer contact details for documents:

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