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| <p align="center"><b>Cabinet Decision – Grants Determination Sub-Committee</b></p> <p align="center">1<sup>st</sup> August 2018</p> |  |
| <p><b>Report of:</b> Denise Radley, Director, Health, Adults and Community</p>  | <p><b>Classification:</b><br/>Unrestricted</p>                                      |
| <p align="center"><b>Island Medical Centre: Approval of the Allocation of S106 totalling £985,839</b></p>                           |   |

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| <b>Originating Officer(s)</b> | Matthew Phelan, Healthy Environment’s Programme Lead, Public Health |
| <b>Wards affected</b>         | Blackwall and Cubitt  |
| <b>Key Decision?</b>          | Yes   |
| <b>Community Plan Theme</b>   | A healthy and supportive community                                  |

**Executive Summary:**

This report relates to the release of up to £985,839 of section 106 resources to NHS Tower Hamlets Clinical Commissioning Group (CCG) to deliver increased capacity, access and service provision in Island Medical Centre.

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 £985,839 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 2020<sup>1</sup>. 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 project will allow a greater level of service to be offered to patients. The Island Medical Centre proposal will deliver a refurbished, modern and expanded fully equipped modern health facility with 4 additional clinical rooms in the South East Locality, with capacity for an additional 5,472 registered patients which will also provide up to 28k new patient appointments.
- 1.5 Finances will be spent in accordance with the s106 obligations and will deliver projects identified and agreed with the contributors in compliance with the s106 agreements.

## **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.
- 2.2 Tower Hamlets has one of the lowest healthy life expectancies for both men and women in the country and health inequalities particularly for BME people are a significant challenge for our communities. Additional infrastructure for GP services will provide additional resource for the council's Public Health service (through commissioning) and local health partners to tackle these health inequalities and improve outcomes for local residents, see section 6 for further information.

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<sup>1</sup> GLA Population Project, 2014 round , Short Term Trend

- 2.3 The Blackwall and Cubitt Town region is particularly in need of additional health infrastructure, and extending healthcare provision in this ward will particularly affect several groups who are often disadvantaged with regards to access to healthcare. According to the 2011 census, 50% of the people living in this ward are BME, the proportion of socially rented households is almost double the London average and 8.5% of the population are classed as long term unemployed. Health inequalities research over the past decade has strongly indicated that low income and ethnic minority households are significantly more likely to experience poorer health outcomes. The Island Medical Centre expansion will therefore be occurring in a location of appropriate need.

### **3. ISLAND MEDICAL CENTRE**

- 3.1 The project will involve the health centre extending into another part of the building which is not currently in health usage in order to create more clinical space as well as remodelling the existing health space to increase the number of clinical rooms. The works proposed will provide an additional 4 GP consulting rooms and also the modernisation of the back office part of the surgery which will be relocated into the part of the building which is not currently in health usage.
- 3.2 Island Medical Centre was not included in the initial programme of Maximising Health Infrastructure (MHI) works to increase capacity in the health estate in Tower Hamlets, however, an opportunity has since then presented itself to expand the practice by leasing additional floor space. The project is therefore additional to that initial programme. The Harford and Whitechapel schemes in that programme have not proceeded beyond feasibility study and surveys due to it not being possible to obtain the necessary approvals, and hence the funds being requested here are being transferred from the original Maximising Health Infrastructure programme rather than being additional to it.
- 3.3 The Island Medical GP practice has a registered list of 7,629 patients. The extra clinical capacity provided by the proposed works will enable the practice to expand its patient list by a further 5,472 over the next five years to 2022/23. The remodelled and extended facility will allow patients to access a wider range of community and specialist health services that will be provided from the site.
- 3.4 The remodelling of the currently unused section of the health premises will add an additional 61m<sup>2</sup> of gross internal area (GIA) to the floor space of the health centre, enabling growth of the facility to a total of 347m<sup>2</sup>. The clerk's office, practice manager's office, kitchen/staff area, staff WC, coms room and administration room will be housed in what is currently an annex which is to be leased, in addition to the current health centre floor area, from the landlord by NHS Property Services. This will allow the staff areas in the current health centre to be remodelled to provide the additional and improved clinical spaces
- 3.5 The s106 contributions funding is set out below.

| <b>Table 1</b>                         |                     |                           |   |
|--|---------------------|---------------------------|---|
| <b>Financial Resources</b>             |                     |                           |   |
| <b>Description</b>                     | <b>Amount<br/>£</b> | <b>Funding<br/>Source</b> | <b>Funding<br/>(Capital/<br/>Revenue)</b> |
| Construction cost including prelims    | 443,185             | S106                      | Capital                                   |
| Professional fees                      | 96,000              | S106                      | Capital                                   |
| Equipment, IT, project and legal costs | 196,358             | S106                      | Capital                                   |
| Contingency and inflation              | 123,700             | S106                      | Capital                                   |
| VAT (less estimate for VAT recovery)   | 126,596             | S106                      |   |
| <b>Total</b>                           | <b>985,839</b>      |                           |   |

3.6 The expected timelines are as below;

| <b>Table 2</b>                                     |                            |                           |                               |
|--|----------------------------|---------------------------|-------------------------------|
| <b>Project Outputs/Milestone and Spend Profile</b> |                            |                           |                               |
| <b>ID</b>  | <b>Milestone Title</b>     | <b>Baseline Spend (£)</b> | <b>Baseline Delivery Date</b> |
| 1  | Technical design finalised | 50,000                    | January 2019                  |
| 2  | Out to tender              | 52,296                    | February 2019                 |
| 3  | Commencement of works      | 195,000                   | May 2019                      |
| 4  | Construction mid-point     | 298,000                   | August 2019                   |
| 5  | Handover from contractor   | 239,785                   | November 2019                 |
| 6  | Publicity and comms        | 150,758                   | January 2019                  |
| <b>Total</b>                                       |                            | <b>985,839</b>            |                               |

3.7 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. Public Health proposes to sponsor this programme of works.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

4.1 The allocation of Section 106 resources of £985,839 towards the funding of the remodelling of the Island Medical Centre in Roserton Street was approved by the Mayor in Cabinet on 25<sup>th</sup> July 2018, and a corresponding capital estimate was adopted.

4.2 Payments of Section 106 or CIL resources to external bodies can potentially be determined to be grants which require the approval of the Grants

Determination Sub-Committee in accordance with the Council's decision making framework. This applies in the case of the Island Medical Practice project which requires funds to be transferred to the NHS Tower Hamlets Clinical Commissioning Group.

- 4.3 Commitments to fund schemes can only be made following the receipt of the relevant developer contributions. The proposed project will utilise elements of Section 106 resources that have been secured and received in relation to healthcare provision from two developments within the vicinity; PA/06/02068 - the former London Arena and PA/12/03247 - Island Point, 443-451 Westferry Road.
- 4.4 Funding will only be released once satisfactory completion of the works is confirmed (see paragraph 3.7). The project budget contains a contingency item of £123,700 which will only be utilised if officers are fully satisfied with the evidence provided to support the claim. Any unused contingency sum will be available for reallocation to other projects.

## **5. LEGAL COMMENTS**

- 5.1. The Council has the legal power to make this grant. This is because the grant involves the provision of "services or facilities for the prevention, diagnosis or treatment of illness". This is one of the steps it must take for the improvement of the health of the people in its area if also the Council thinks it is reasonable to do so under the law. The Council also has the power to do anything which is designed to discharge one of its functions.
- 5.2. The content of this report shows that the Council can reasonably come to the conclusion that the provision of the grant will improve the health of the people in the Borough and therefore the legal provisions are satisfied.
- 5.3. The grant does not allow for the CCG to make any profit from it. The grant is merely reimbursing the CCG for some of the costs of the works. Therefore, the grant does not constitute procurement activity and therefore is not a Public Works Contract for the purposes of European Procurement Law
- 5.4. The payment of the grant is conditional upon the works being properly completed. This should ensure that the money is only spent on this specific purpose. However, this must also be supported by an appropriate agreement which details both the expected outcomes and the Council's monitoring processes. This will allow the Council to demonstrate that it is continuing to comply with its Best Value legal duty
- 5.5. The payment of the grant in itself does not attract any particular equality issues. However, the Council should ensure that the intended works have

been properly assessed and where appropriate consultation has been carried out in order that the Council properly understands the impact of the works on any persons with a protected characteristic for the purposes of the Equality Act 2010.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 The expanded and refurbished building 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.
- 6.3 An Equalities Analysis has been completed on the proposal and can be found in the background documents.

## **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

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

#### **Appendices**

- **Equality Analysis Quality Assurance Checklist**

#### **Background Documents**

- Island Medical Centre Equalities Analysis

#### **Officer contact details for documents:**

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