

Title of Meeting:	Primary Care Commissioning Committee (PCCC)	Agenda Item: 8.2		
Date of Meeting:	23 July 2020			
Paper Title:	Central Health Care Estates	Session (Tick)		
		Public	X	
		Private		
Workshop				
Responsible Executive Lead Jane Hawkard Chief Finance Officer		Report Author and Job Title Jane Hawkard Chief Finance Officer		
Purpose (this paper if for)	Decision	Discussion	Assurance	Information
				X
Has the report (or variation of it) been presented to another Committee / Meeting? If yes, state the Committee / Meeting: Yes. Finance, Performance and Commissioning Committee 18 June 2020				
Summary				
<p>Central Healthcare in Scarborough has been working with NHSE and the CCG over the past months to improve their facilities. This paper sets out how this can be achieved and the required revenue implications to the CCG. In essence the practice is proposing to move services and staff from the practices Prospect Place site to their Lawrence House site.</p> <p>The project which will see an increase in available clinical space at Lawrence House would support the CQC action plan recommending that the majority of the clinical team are located at one site and should also enable the closure of Prospect Road which would in effect result in a revenue saving. That closure is yet to be confirmed.</p> <p>This is part of the action plan to address the CQC findings which NHSE agreed to support pre Covid.</p> <p>To enable this to happen NHSE have been discussing with the Lessor of Lawrence House how the Practice could be brought up to infection control standard (e.g., flooring in carpeted areas), how some of the existing admin space could be repurposed to create more clinical space and how any areas could be reconfigured such as the reception to support the Practices working model moving forward. In principle the Lessor is willing to fund the development works themselves rather than securing a capital improvement grant through NHS England. What they would want in return is an extension to the lease to safeguard that investment and an increase in the rent.</p> <p>The existing lease for Lawrence House is due to expire in 4 years. Two capital scenarios are available, one on the basis that the lease was agreed for a 21 year period and a second on the basis the lease was agreed for a 25 year period. For a 21 year lease they would have a capital budget of £350,000 for the scheme but with a 25 year lease they could fund up to £700,000 to do the works. £350,000 would be tight based on other schemes NHSE are aware of so there would be a significant benefit in agreeing the longer term lease and securing a larger budget.</p> <p>Although the footprint of the practice won't increase as part of the work the annual rent is likely to increase to reflect the improvements to the building. The District Valuer would be able to confirm value for money on the rent but Assura are proposing an increase of £5 per m2 from £175 to £180 per m2.</p>				

In summary the proposed terms are as follows;

- A new 25 year lease to commence upon completion of the proposed refurb works
- A £700k budget for the works (with no NHS England capital grant)
- Initial rental value of £301,200 p/a (£180 per sq. m plus £600 per parking space)
- All other terms as per current lease.

The current leases are due to complete at a 2016 rent review for a combined total of £292,100 (£175 per sq. m plus £550 per parking space) – so this would result in an annual rental increase of £9,100.

From that NHSE and the practice should be able to produce a detailed plan ready to update CQC mid-June.

NHSE have asked for confirmation that the CCG agrees with the direction of travel and where formal approval for the scheme on the basis of the information provided.

Alternatively, we could seek to secure an NHS England capital grant which would abate (reduce) the rent for a 15 year period. Advice from NHSE is that this would slow the project down considerably as we would need to secure the capital first. In the current situation NHSE cannot give any firm guarantees as to when capital may become available as Covid related projects are being dealt with before others.

The resulting increased revenue costs to the CCG have been estimated at £9,100 p.a.

It should be noted that rental increases can occur at any time if practices improve their facilities and ask the District Valuer for a review.

Due to the timing of PCCC a decision was required to be made prior to the committee. The CCGs Finance Performance, Commissioning and Contracting Committee reviewed and agreed the paper at its June meeting and urgent action was taken to agree the proposal by the Chair of PCCC, The Accountable Officer and the Chief Finance Officer.

Recommendations

The PCCC are being asked to note:

- i. The urgent decision has been made to approve of the case for a rent increase up to the value of £9,100 p.a. and support for the lease to be extended on the basis of the information above and that:
- ii. The practice CQC rated inadequate and infection control issues need to be resolved as a matter of urgency.
- iii. NHSE access to capital is not guaranteed and would extend the period of time to enable the practice to improve their CQC rating and quality of care for patients.
- iv. The rent increase is relatively small compared to the capital involved to improve the premises and the improvement it would make to the practice and patients.

Monitoring

Central Healthcare CQC recovery plan to be monitored through Quality Committee.

Any statutory / regulatory / legal / NHS Constitution implications

CQC guidance.

Management of Conflicts of Interest

GPs are conflicted and therefore not allowed to vote.

Communication / Public & Patient Engagement

No

Financial / resource implications	The information provided by the landlord has the financial impact as being £9,100 per annum to the CCG.
Outcome of Impact Assessments completed	n/a

Urgent Decision Record: Chairs Action

The following decisions are required to be made due to the timing of the next PCCC and the necessity for the bids to be signed off by NHSE before the date of the next Committee.

The amounts involved are relatively small and the papers have already been through FPCCC (16 June 2020). It has therefore been agreed to take urgent action to agree with the Accountable Officer, CFO and Chair of PCCC.

The following decisions have been agreed:

1. Central Health Care Capital Development

To support the submission of the capital proposal to NHSE and fund the revenue consequence of 9.1k p.a.

In summary the proposed development will be funded by the Lessor Assura are as follows;

- A new 25 year lease to commence upon completion of the proposed refurb works
- A £700k budget for the works (with no NHS England capital grant)
- Initial rental value of £301,200 p/a (£180 per sq. m plus £600 per parking space)
- All other terms as per current lease.
- The current leases are due to complete at a 2016 rent review for a combined total of £292,100 (£175 per sq. m plus £550 per parking space) – so this would result in an annual rental increase of £9,100.
- There are currently two leases as there were 2 Practices occupying the building before the merger, we would look to consolidate the lease into single lease as part of this exercise.
- Assura intend to take the proposal through for approval at the end of this month. From that NHSE and the practice should be able to produce a detailed plan ready to update CQC mid-June.
- NHSE have asked for confirmation that the CCG agrees with the direction of travel and where formal approval for the scheme on the basis of the information provided. Assura have confirmed the development has been approved from their perspective.
- Alternatively, we could seek to secure an NHS England capital grant which would abate (reduce) the rent for a 15 year period. Advice from NHSE is that this would slow the project down considerably as we would need to secure the capital first. In the current situation NHSE cannot give any firm guarantees as to when capital may become available as Covid related projects are being dealt with before others.

2. Stokesley Health Centre

To support the submission of the capital proposal to NHSE and fund the revenue consequence of £13k p.a. recognising that this will be abated for 15 years due to the 100% provision of NHS Capital.

In summary the proposed development is as follows;

- Last year HRW CCG signed off a PID to secure a 100% funded improvement grant for a major reconfiguration and redevelopment of Stokesley Health Centre. The funding requested £1.7 Million. It has taken the best part of a year to get the scheme progressed

through for approval – for context getting a 100% improvement grant is very unusual and needs specific approval which challenging.

- NHSE is now in a position where they are confident the PID will be signed off by NHS England regionally if we submit with the PID and other supporting documents, and a countersigned multi party agreement letter. The document reiterates the information contained in the PID which was approved by the former Hambleton, Richmondshire and Whitby CCG.
- The revenue impact would be confirmed in the business case but would be expected to be minimal as it's a 100% grant. The estimated increase in revenue costs are as follows:
- Rent and other reimbursable expenses from 53K p.a. to £66k p.a.
- As the scheme is 100% NHSE capital funded a 15 year abatement on this increase is expected.
- The North Yorkshire CCG is now being asked to sign of this submission.

The following decisions are therefore approved:

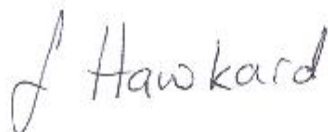
- 1. To support the Central Healthcare submission of the capital proposal and fund the revenue consequence of 9.1k p.a**
- 2. To support the submission of the Stokesley Health Centre capital proposal to NHSE and fund the revenue consequence of £13k p.a. recognising that this will be abated for 15 years due to the 100% provision of NHS Capital.**

Approval from:



Amanda Bloor, Accountable Officer

Sheenagh Powell, Chair PCCC



Jane Hawcard, CFO