

Title of Meeting:	Primary Care Commissioning Committee (PCCC)	Agenda Item: 6.5c										
Date of Meeting:		<table border="1"> <tr> <th colspan="2">Session (Tick)</th> </tr> <tr> <td>Public</td> <td>X</td> </tr> <tr> <td>Private</td> <td></td> </tr> <tr> <td>Development Session</td> <td></td> </tr> </table>			Session (Tick)		Public	X	Private		Development Session	
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Public	X											
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Development Session												
Paper Title:	Stokesley Health Centre Estates & Technology Transformation Fund (ETTF) funded renovation of premises											
Responsible PCCC Member Lead Wendy Balmain Director of Strategy & Integration		Report Author and Job Title Claire Saunders Service Improvement Manager - Primary Care										
Purpose (this paper if for)	<table border="1"> <tr> <th>Decision</th> <th>Discussion</th> <th>Assurance</th> <th>Information</th> </tr> <tr> <td>X</td> <td></td> <td></td> <td></td> </tr> </table>	Decision	Discussion	Assurance	Information	X						
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X												
Has the report (or variation of it) been presented to another Committee / Meeting? If yes, state the Committee / Meeting: No.												
Executive Summary												
<p>This paper provides an overview of the proposed renovation of Stokesley Health Centre. The building is owned by NHS Property Services (NHSPS) and full ETTF capital funding has been approved by NHS England (NHSE). The total value of NHSE funding is £1,979,000. PCCC is asked to approve the business case.</p>												
1. Background												
<p>The proposal is to carry out a significant refurbishment and internal reconfiguration of the existing Stokesley Health Centre and some improvements to the car park. The property is owned by NHS Property Services (NHSPS) and leased, in part, to Dr Duggleby and Partners. Under a separate lease, part of the building is used by community services delivered primarily by South Tees Hospitals Foundation Trust (STHFT), Tees Esk and Wear Valley Foundation Trust (TEWVFT) and Harrogate and District Foundation Trust (HDFT). The site is also a base for the local Yorkshire Ambulance Service (YAS) crew.</p>												
<p>The Health Centre is a flat roofed brick-built building, built in 1968, which has exceeded its anticipated design life. It has however undergone some modernisation in more recent years with improvements to the roof, boiler plant and windows and the conversion of the former caretaker's quarters to expand the footprint and has generally been kept in a reasonable decorative order. Key issues relating to the existing facility are the lack of or no longer appropriate split of accommodation, dated finishes, non-compliance with current Infection Prevention Control standards, aged building services and insufficient car parking. The clinical space and layout are no longer functionally suitable, and the GP space is 40% under what it should be to cope with the current practice list size.</p>												
<p>The property has been identified as one of the top five GP practices undersized for current practice list size and the CCG have been supporting the practice to develop options for addressing this.</p>												
<p>Facilitating integrated community care teams is a key CCG strategy to promote services in primary and community care settings closer to the patient.</p>												

The practice has recently become a training practice and is committed to continuing and expanding this.

This scheme aligns with the NHS England Five Year Forward View. Public and patient forum engagement will be undertaken but formal consultation is not required.

2. Objectives

- To provide sufficient and clinically appropriate space to manage the current population of Stokesley and surrounding areas, and to be able to manage future growth
- To address significant estates infrastructure issues at the property
- To provide appropriate clinical space to support the practice who are now a training practice

Based on the patient list size of 9150, the GP Premises Sizing Guide suggests a GP Practice gross internal area (GIA) of 763sq meters. The whole of the current building GIA is 847 sqm. Following internal re-planning the building GIA will be slightly smaller at 820sqm but there will be better use of the internal area. The GP Practice currently occupies 52.21% of the Net Rentable Area (NRA) and post development the GP practice will occupy 71.94% of the NRA.

The space allocation before and after improvement is detailed below:

Table 1: Current and Improved Net Rentable Area (NRA):

	Current NRA		Improved NRA		Floor Area Changes
	m ²	%	m ²	%	+/-
Dr Duggleby and Partners	392.77	52.21	530	71.94	136
Yorkshire Ambulance	18.68	2.48	16	2.14	-3
South Tees FT	135.59	18.03	94	12.81	-42
Harrogate & Districts FT	113.9	15.15	26	3.54	-88
York THFT	0	0	4	1.45	4
Sessional Clinical Space (CCG)	79.58	10.58	67	9.07	-13
Void (CCG)	11.65	1.55	0	0	-12
Total	752.21		737		

By improving utilisation rates across the facility, it has been agreed this will provide sufficient capacity.

The site extends to some 3,650 sqm. (0.9 Acres) and has scope within the boundaries to remodel the car parking and increase provision on site.

The NHSE ETTF scheme supported the development of a costed feasibility plan for the internal reconfiguration. A new build option was discounted by the CCG on the grounds of affordability.

A Project Steering Committee has been established to oversee delivery of the project. Separate working groups are in place for design and leasing activities. NHSPS will manage the delivery of the project and have appointed Community Ventures Management (CVM) Ltd as project managers. CVM have appointed a design team to prepare and oversee delivery of the scheme.

The key scheme risks are set out in a detailed risk register and a detailed project programme has been established.

All project documents are included in the appendices.

High level programme milestones are:

DV Report Received	23 March 2021
CCG Business Case Approvals	13 – 26 April 2021
NHSE/I Local Approval	13 – 26 April 2021
NHSE/I Regional Approval	27 April – 7 May 2021
NHSPS Internal Approval	15 – 28 April 2021
Completion Agreements / Contracts	4 May – 9 June 2021
Construction Start	7 Jul 2021
Construction end / handover	10 Mar 2022
DV Sign-off / Lease completion	14 – 25 Mar 2022
Redeveloped site operational	4 April 2022

3. Revenue, and Affordability and Impact

The tables below show the scheme costs and funding breakdown.

Table 2 Capital Value and Proposed Cash Flow of Funding:

CAPITAL VALUE AND PROPOSED CASH FLOW OF FUNDING:			
PERIOD	2020-2021	2021-2022	Total
FUNDING SOURCE			
NHS England - ETTF	£180,000	£1,799,000	£1,979,000
NHS Property Services			
Community Health Partnerships / LIFT Co			
Total	£180,000	£1,799,000	£1,979,000

Table 3 Basic Breakdown of Scheme Capital Cost:

BASIC BREAKDOWN OF SCHEME CAPITAL COST:				
PERIOD		2020-2021	2021-2022	Total
ITEM				
Item 1	Construction Cost		£1,356,000	£1,356,000
Item 2	Surveys	£37,000		£37,000
Item 3	Professional Fees	£113,000	£50,000	£163,000
Item 3	PM Fees @ 1%		£14,000	£14,000
Item 4	NECS IT PM cost		£10,000	£10,000
Item 5	Contingency @ 5%		£71,000	£71,000
Item 6	VAT	£30,000	£298,000	£328,000
Total		£180,000	£1,799,000	£1,979,000

In addition NHS PS are utilising the opportunity to undertake some landlord works to the site valued at £88,243. These works cover elements not covered by ETTF funding including replacement of the boiler, improvements to the exterior of the facility and some internal fixed glazing and the courtyard area.

This proposal is will improve the layout to create more clinical capacity for the GP Practice, every part of the building will be affected. Whilst community providers will benefit from improved layout and upgraded shared facilities their percentage of the site will diminish as part of these proposals. The ETTF scheme investment is focused on the GP Practice.

All onsite users have been engaged in the preparation of the proposals.

GP services will continue to operate from the site during the build. This is facilitated by relocation of much of the community service provision to other sites for the duration of the works. (A detailed phasing plan has been developed and is included in the Appendices).

The lease structure will remain as now, an NHSPS freehold with a lease with the GPs and separate tenancy arrangements with community providers. A small element of sessional space is funded by the CCG.

4. Reimbursable Rent Value

The District Valuer report refers to an improved GP floor area of 552.97 (m2) following the renovation works. This has subsequently been amended in the business case to 529.26 (m2) which is rounded up to 530 (m2) – See Table 1 on Page 2.

The below table breaks down the post DV rent increase from the current space of 392.77 (m2) and the increased space of 529.26 (m2)

Table 4: Rent Review Impact Breakdown

	Current rent	Post DV Rent Review as at April 2021	Rental Impact post works (April 2022) increased GP floor area	Increase from existing GP Position	Impact on CCG	NHS PS Contribution
GP Floor Area	392.77	392.77	529.26	136.49	136.49	136.49
Rent per sqm	£85.00	£113.95	£113.95	£113.95	£85.00	£28.95
GP Rental	£33,385.45	£44,756.14	£60,309.18	£15,553.04	£11,601.65	£3,951.39
Uplift to Full Repairing and Insurance (FRI) paid to GP Practice	£0.00	£6,252.00	£6,252.00			
Total applied	£33,385.45	£51,008.14	£66,561.18	£15,553.04	£11,601.65	

	CCG financial impacts
	NHSPS forgo increase in rent

Whilst the GP percentage floor area will increase following refurbishment, the percentage floor area rented to other users will reduce, which in turn will lead to reduced annual charges post works.

Summary of Impacts	Current Annual Charge	Post Works Annual Charge	Variance
CCG Void	£2,957.59	£0.00	£-2,957.59
CCG Sessional	£20,203.42	£15,426.22	£-4,777.20
South Tees	£34,423.07	£21,733.87	£-12,689.20
Harrogate	£31,272.90	£6,008.07	£-25,264.83
			£-45,688.82
Impact increased Floor area GP			£15,553.04
Cost Reduction at System Level (CCG funded elements) [-£45,688.82 - £15,553.04]			£-30,135.78
Direct cost reduction to CCG annual budget [-£2,957.59 + £4,777.20]]			£-7,734.79
Cost pressure on GMS Budget for rent			£7,818.25
Contribution NHSPS (see green cell, Table 4 Page 5)			£3,951.39
Remaining Annual cost pressure GMS budget			£3,866.86

In summary, post renovation there will be a system level saving in CCG costs due to the reduction of annual charges. Whilst this saving is not disputed, due to the nature of the provider contracts it would not be possible to separate this reduction from the block payments to providers.

NHSPS are preparing a side letter to approve forgoing the £3,951.39 rental increase in order to reduce the financial impact to the CCG.

The CCG are being asked to cover the remaining annual cost pressure of £3,866.86.

Recommendations

1. PCCC is asked to note the content of this paper
2. PCCC is asked to approve the attached business case.
The purpose of the business case is to seek the approval of NHS North Yorkshire CCG and NHSE/I North East & Yorkshire Region for £1,980 million of ETTF Programme capital funding, by way of a 100% grant to Dr Duggleby & Partners, to substantially enhance and upgrade the general practice space in Stokesley Health Centre, Stokesley, North Yorkshire.
3. If PCCC approve the business case the CCG Director of Finance will be asked to sign:
 - Business Case **Appendix A**
 - Comfort Letter NHSPS, NHSE, NYCCG **Appendix B**
 - Multi-party Agreement **Appendix C**
4. It is recommended that PCCC do not approve the request from NHSPS to cover the remaining annual cost pressure on the GMS budget and instead approve delegated authority for the Director of Finance to negotiate with NHSPS regarding this post development increase and make any appropriate decisions The potential cost pressure to the CCG is £3 866.86.

Monitoring

The delivery of primary care operational and strategic plans is monitored through relevant CCG committees, the CCG Transformation and Recovery Executive Group and in discussion with key delivery partners.

Any statutory / regulatory / legal / NHS Constitution implications	No
Management of Conflicts of Interest	No conflicts of interest have been identified prior to the meeting.
Communication / Public & Patient Engagement	N/A
Financial / resource implications	N/A
Significant Risks to Consider: Additional cost pressure on GMS budget:	No significant risks identified. A risk register is being kept as part of the project. Appendix D It is recommended that negotiations take place between NHSPS and the CCG with regards to the £7,818.25 cost pressure on the GMS budget and highlight that if NHSPS decline to cover this then all or some of this amount may fall on the CCG

<p>Approvals Timeframes - ETTF and system approvals timescales become protracted putting the scheme commencement back and thus rendering the scheme undeliverable within the ETTF timeframe</p> <p>Site Operational during works - Significant refurbishment of operational Health Centre creates risk to service delivery and project costs</p> <p>COVID Impacts - Delays to delivery of works during ongoing and potentially tightened COVID restrictions</p> <p>Supply Issues - Materials supply issues due to COVID and BREXIT</p>	<p>NHSPS to engage with NHSE early in development of the BJC in order to try to secure buy-in and speedy approvals</p> <p>Project Manager has liaised with stakeholders to develop a phasing plan that also works from a services perspective - there are still complexities / risks that need to be mitigated once and SoW for the temporary works has been developed.</p> <p>Service providers are already working in a COVID secure manner which will need to be continued throughout the construction phase. It is difficult to forecast the impact of COVID on the construction sector but giving the contractor vacant possession of the work area should support delivery in a COVID secure manner.</p> <p>The Design Team will endeavour to avoid specifying any material known to be imported to order where possible though clearly this cannot be fully mitigated as many products manufactured in the UK will be assembled using imported materials</p>
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Name: Claire Saunders
Title: Service Improvement Manager (Primary Care)
Date: 18 April 2021

Appendices

- A. Business Case
- B. Comfort Letter for Signature – NHSPS, NHSE and NYCCG
- C. Multi-Party Agreement for Signature
- D. Programme Risk register