

Subject:	Proposal for a new GP Surgery at 62/63 Old Steine and 3 Palace Place		
Date of Meeting:	13 July 2017		
Report of:	Executive Director of Finance and Resources		
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Ward(s) affected:	Queens Park		
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FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 To note the agreement for the grant of a new 20 year lease for 62/63 Old Steine and 3 Palace Place to the GP's from Ardingly Court Surgery at a market rent under officer delegations and to seek agreement for the council to borrow approximately £0.850 million to add to the £0.813 million funds from the NHS England's Estates and Technology Transformation Fund (ETTF) for the development and fit out of the new GP Surgery.
- 1.2 Primary Care in Brighton and Hove is under significant pressure. In the last two years 7 GP surgeries have closed and whilst efforts have been made to provide new facilities like those at Trinity Medical Centre, more surgeries are required to provide resilience and meet the increasing demand in the city.

2. RECOMMENDATIONS:

- 2.1 That, subject to final agreement with the NHS and GP Surgery, the Committee notes the grant of a new 20 year Lease at market rent of 62/63 Old Steine and 3 Palace Place to Ardingly Court Surgery for use as a GP Surgery under officer delegations.
- 2.2 That the Committee agrees to provide an estimated £0.850million investment, funded through borrowing, to be added to the £0.813 million of ETTF grant funding to enable the redevelopment of the property for the delivery of modern fit for purposes GP facilities.
- 2.3 That the committee agrees to add the total scheme costs of £1.663 million to the council's capital investment programme with the financing costs of the borrowing recovered from the NHS CCG over the 20 year lease.
- 2.4 That committee delegates authority to the Executive Director Economy, Environment & Culture following consultation with the Assistant Director Property & Design and Head of Legal Services to approve terms.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Brighton & Hove City Council has an investment portfolio made up of more than 600 tenancies producing a rental income in the region of £7.4m per annum, this income helps fund the provision of services. 63/63 Old Steine and 3 Palace Place forms part of this portfolio and were, until recently, on internal lettings to other departments for the delivery of their services. These services have since sought to relocate from the buildings and the site is currently on a short term letting to a local charity and partly vacant. (See Appendix 1 for site plan).
- 3.2 The property comprises a large regency townhouse split over 5 floors most recently split into two self-contained office units. The site area is circa 7,000sqft, nearly 4,500sqft larger than the current surgery at Ardingly Court. The site is in reasonable order but due to the nature of the site, has constraints – there is poor circulation space and step-free access is only available between the basement and second floors.
- 3.3 The Council's external agents Cluttons have advised on options regarding re-letting or potential disposal of the site on a long lease. These are considered in the alternative options in paragraph 4.
- 3.4 Through the close collaboration of the City Council and local NHS Brighton and Hove Clinical Commissioning Group (CCG), the Property and Design Estates Team has been working to assist with the delivery of potential sites to improve resilience in the GP service provision in the city. As a result of these discussions, the pressing need for increased GP provision in the city centre and initial feasibility work, the site has been identified to re-provide an expanded GP Surgery in the centre of Brighton to relocate Ardingly Court Surgery.
- 3.5 Ardingly Court Surgery has been identified by Brighton and Hove Clinical Commissioning Group as the GP practice most in need of premises investment and a top priority on the basis of:
- Insufficient clinical accommodation to meet a growing practice list size.
 - Additional service pressure arising from new housing and practice closures.
 - Existing clinical rooms being substantially under-sized compared to current guidelines.
 - Poor provision of non-clinical accommodation.
 - No realistic opportunity to extend or expand within the current facility.
- 3.6 Ardingly Court Surgery is currently located in Ardingly Court, Ardingly Street Brighton. The lease on this property expires in June 2022 and the head leasehold is currently being marketed by Flude Commercial. The current surgery is circa 2,400sqft and is located all on the ground floor.
- 3.7 The existing premises are more than 50 percent undersized when compared against recent Department of Health, Health Building Notes (HBNs) guidance. At this time there is a lack of provision in the area for the number of patients with difficulty accessing GP services. There is a relatively higher level of A&E attendances from those practices in the East of the city. Patient numbers are increasing significantly and other local practices, including Eaton Place, Regency

and Broadway, have closed their patient lists. This places increasing demand on the reducing provision of GP services.

- 3.8 Securing larger premises for this practice would allow it to grow by about 50 percent from 8,500 to 12,000 patients. This will support taking on the dispersal of patients from nearby practices given the withdrawal of the Practice Group. This will also support anticipated population growth due to the local plans for developing the Marina (1940 apartments) and other development sites in the area.
- 3.9 Based on the initial feasibility the number of consulting rooms would be increased to five (currently four) and treatment rooms to six (currently three), which would enable the recruitment of additional clinicians. An expanded GP Surgery would increase the capacity to offer more services and facilities like Wellbeing Service, Integrated Primary Care Teams (IPCT), midwives etc. that cannot be provided at this time to benefit the patients.
- 3.10 The NHS Brighton and Hove CCG and GP Surgery have been successful in applying to the NHS England's Estates and Technology Transformation Fund and has secured £0.813 million towards the re-development and fit out of a new site. Feasibility work undertaken has given an initial project cost of an estimated £1.663 million (excluding VAT) leaving a funding gap of circa £0.850 million. It is proposed that BHCC borrow the shortfall in funds and recover the cost of this from the NHS CCG over the duration of the lease. This will result in an annual repayment of £65,300 at the council's average cost of debt.
- 3.11 The NHS Brighton and Hove CCG has appointed BHCC's Property and Design Architecture team and a project management resource from the council's workstyles team to provide feasibilities and assistance on delivering a new GP surgery at the site. It is proposed that the works would be undertaken by BHCC through the strategic construction partnership and the council would receive the £813,000 as contribution towards the fit out of the site.
- 3.12 This represents an excellent demonstration of One Public Estates Principles and the demonstration of public sector partners working together to provide improvements and resilience to front line services.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The council has also undertaken marketing advice and could seek to dispose of the site to a third party developer. It is likely that any purchaser would seek to convert the building to residential flats given the location and would be able to do this under permitted development rights. This would likely yield a capital receipt to the council of £1 million to £1.2 million on the open market. This would not meet current health needs of the city and would not give rise to affordable housing contributions due to the development rights.
- 4.2 The site could also be sold to Housing for affordable housing provision, either directly, via the Hyde Joint Venture or to the wholly owned housing company. The site is too small for consideration in the Hyde JV and purchase by the Wholly Owned Company is likely to require subsidy given the expensive nature of converting period properties and meeting modern building standards. The likely

value of private residential would far exceed the value of the site for use as affordable housing increasing the requirement for subsidy and thus reducing value for money for the council.

- 4.3 The council could seek to re-let the property as offices on the open market. This is likely to provide similar rental income as the letting to the NHS on market terms, but would not deliver corporate priorities identified through by the CCG and BHCC Public Health through the Health and Wellbeing Board.
- 4.4 The council could also seek to occupy the site corporately for office space to release other more valuable sites. The site is not fit for modern office space and would not meet key criteria under the workstyles programme.
- 4.5 The above options would require the NHS Brighton & Hove CCG to seek alternative larger premises, which it has struggled to do to date.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Consultations have been held with the CCG, the District Valuer, the surgery doctors, the council's urban agents and relevant internal teams.
- 5.2 There has been no community engagement. The current charity tenant is aware that the council is progressing the delivery of a GP surgery at the property and that should this not progress, and the property be made available for purchase or lease, the tenant could submit an offer through the council's appointed agents along with other interested parties.
- 5.3 The delivery of a GP surgery on the site is likely to require a planning application for a change of use from a B1 Office (Previous D1 non-residential use at the site was specific to BHCC) to a D1 Health Centre.
- 5.4 The GP Surgery will consult with its patient list once more certainty around timescales and delivery are available.

6. CONCLUSION

- 6.1 The recommendation is to grant a new 20 year lease of the whole property to Ardingly Court GP surgery for the delivery of a GP surgery.
- 6.2 It is also recommended that the council borrow the £0.850million required for the refurbishment and specialist fit out of the site and recover the cost of this from the NHS over the period of the lease

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The rental income from 62/63 Old Steine and 3 Palace Place is already included in the income projections for 2017/18 within the service area. The financing costs of the proposed council investment of £0.850 million will be recovered from NHS CCG over the life of the lease and therefore will have no impact on the council's revenue budget.

Legal Implications:

- 7.2 Section 123 of the Local Government Act 1972 (“the Act”) enables a local authority to dispose of land held by them provided it achieves the best consideration reasonably obtainable. Recommendation 2.1 confirms that a new 20 year lease to Ardingly Court Surgery will be at a market rent and thus the best consideration requirement is satisfied.

Lawyer Consulted: Joanne Dougnaglo

Date: 12/06/2017

Equalities Implications:

- 7.3 The proposed service provision will address this need within the City. Access requirements will be addressed through the re-design of the service and building

Sustainability Implications:

- 7.4 Sustainability issues will be addressed in the design of the building.

Public Health Implications:

- 7.5 The proposed GP Surgery will add to the local primary care estate by providing space from which to develop and run, co-locate and extend health and integrated services particular to the Central Brighton cluster (cluster 1).
- 7.6 It supports the Brighton & Hove CCG local ambitions to deliver integrated service model around communities of practice that brings together primary care and community focused health services, including mental health, social services, voluntary sector. The focus of this model is early identification of patients at risk of hospital admissions (i.e. Proactive Care), the early identification of those at risk of illness and prevention.
- 7.7 This proposal increases general practice capacity to meet current demand and increasing population. Local surgeries have closed patient lists, further surgeries are at risk of closure and patients are being dispersed from the Practice Group. This reduces the availability and local GP service provision, an increasing number of unregistered patients leading to later identification of illness. There is also a relatively higher levels of A&E attendances for those practices in the East of the city
- 7.8 The practice currently operates extended hours at the practice early one morning per week and one Saturday a month. This would allow expanding this further and to provide these services in suitable premises.
- 7.9 This proposal also includes the ability to offer space for other facilities on site for a wider patient benefit, for example, Wellbeing Service, Integrated Primary Care Teams (IPCT), midwives and other services that cannot be provided at this time.

Corporate / Citywide Implications:

- 7.10 Ardingly Court Surgery has been identified by Brighton and Hove Clinical Commissioning Group as the GP practice most in need of premises investment and a top priority on the basis of:
- Insufficient clinical accommodation to meet a growing practice list size

- Additional service pressure arising from new housing and practice closures
- Existing clinical rooms being substantially under-sized compared to current guidelines
- Poor provision of non-clinical accommodation
- No realistic opportunity to extend or expand within the current facility

SUPPORTING DOCUMENTATION

Appendices:

1. Plan of site

Documents in Members' Rooms

NA

Background Documents

NA