

<b>Subject:</b>	<b>Taking of Lease for primary healthcare centre at Preston Barracks</b>		
<b>Date of Meeting:</b>	<b>14 June 2018</b>		
<b>Report of:</b>	<b>Executive Director Economy Environment &amp; Culture</b>		
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<b>Ward(s) affected:</b>	<b>Hollingdean &amp; Stanmer</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Further to the recent disposal of the Preston Barracks regeneration site to the developer Cathedral (U+I) and the University of Brighton (UoB), the council has been working with the development partners and NHS Brighton & Hove Clinical Commissioning Group (BHCCG) to secure the delivery of a new primary healthcare centre on the site.
- 1.2 The regeneration project is at a critical point with the developer requiring certainty but where the Clinical Commissioning Groups are unable to enter an Agreement for Lease on behalf of their service providers. In order to now secure the premises to enable detailed design work to begin and a further planning application to be made to facilitate alterations to the original layout of the site, it is proposed that the council signs an agreement to take a lease prior to completion of the construction, to then either assign this lease, or sublet the premises to the GP practices for occupation.

**2. RECOMMENDATIONS:**

That the Committee:-

- 2.1 Authorises entering into an agreement for lease which commits the council to taking a lease of the proposed primary healthcare centre on market terms subject to securing an indemnity from BHCCG to cover any costs which the council incurs, including rent, arising from the taking of the lease.
- 2.2 Grants delegated authority to the Executive Director for Economy, Environment & Culture and the Assistant Director of Property & Design to negotiate and enter into the agreement for lease, the lease and the indemnity from BHCCG and take any other necessary steps to secure the delivery of a new primary healthcare centre.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The council sold the Preston Barracks site to development partners Cathedral (U+I) and UoB in February of this year to deliver a £150 million regeneration scheme. The site was sold after planning committee was minded to approve planning permission in September 2017 subject to a Section 106 Agreement being signed and planning permission was granted in December 2017.
- 3.2 The delivery of the new primary healthcare centre on the Preston Barracks site forms part of the Greater Brighton One Public Estate Programme's project portfolio. Established in November 2016, the Programme aims to facilitate and enable the range of local, regional and national public sector partners to work jointly on public property and land initiatives to get more from their collective estate through sharing and collaboration. The objectives of the Programme are to:
- Deliver more integrated and customer-focused services
  - Generate efficiencies (capital receipts, income and reduced running costs)
  - Create economic growth (new homes, employment space and jobs)
- 3.3 To date, the Programme has secured over £1.6m in Government funding to support the development and delivery of 13 projects located across the Greater Brighton City Region. This includes a £45,000 award to the primary healthcare centre at Preston Barracks, to fund the progression of the healthcare brief, stakeholder consultation and the development of the business case necessary to secure BHCCG and wider NHS approvals. As the lead authority for the Programme, the council is taking a principal role in facilitating closer co-ordination and partnership working between the public sector partners, developers and stakeholders to support the successful delivery of the project.
- 3.4 Through the partnership working of the developers it was agreed as a condition of the planning consent to use best endeavours to reach an agreement with a medical provider within three months of the planning decision and to, within two months of this, re-submit plans for the delivery of a D1 Medical Centre on site with a floor space of circa 900 – 1,000 sq.m. The area earmarked for the proposed primary healthcare centre is at ground floor level of residential Blocks C and D, these forming the central row of development on the Preston Barracks site. A site plan is attached as Appendix 1.
- 3.5 Whilst these deadlines have not been met, Cathedral (U+I) are continuing to work with all parties to reach agreement. It is now imperative that terms are agreed for the space, to enable Cathedral (U+I) to instruct detailed design so as not to impact on the delivery of the wider regeneration programme.
- 3.6 Under the current programme, construction of the primary healthcare centre is due to start on site in Q2 2019 with completion anticipated in Q2 2021.
- 3.7 In order for this to proceed, Cathedral (U+I) have indicated that they need certainty of healthcare provision at the site in order to incur the additional costs associated with detailed design, planning and construction.
- 3.8 BHCCG is proceeding through the NHS due diligence and approvals processes

in order to secure the necessary approvals in respect of NHS revenue funding for the primary healthcare centre. However, the NHS and the commercial timelines do not align and as a result the GP practices are currently unable to execute an agreement for lease.

- 3.9 In order to reach an agreement to give the developer certainty about the build project and ultimately to ensure that there is space made available for primary healthcare on this site, it is recommended that the council undertakes the necessary negotiation to agree terms for the lease of the premises.
- 3.10 The council would enter an agreement for lease, committing it to entering a lease of the premises when built. This would mean that the council is responsible for all obligations under the lease including costs of rent, service charge and other property costs.
- 3.11 By the time the premises is built, the council working with BHCCG will aim to agree terms for a GP practice(s) to occupy the space taking either an assignment of the council's lease or a sub lease of the premises meaning the GP practice(s) will take on the cost liability in full.
- 3.12 These terms will need to be underwritten by BHCCG to ensure that the council does not accept any financial liability in the unlikely event that a GP practice(s) does not take on the lease, meaning BHCCG will cover all costs incurred by the council arising from the lease.
- 3.13 Details of the associated costs that are known at this point are included in the Heads of Terms which are appended to Part 2 of this report. The council has instructed the district valuer to certify that these terms are reflective of the market and can be recommended.
- 3.14 The inclusion of a purpose built health premises for general practice with the flexibility by design to accommodate comprehensive primary and community health and care services at Preston Barracks will provide BHCCG with a long awaited opportunity to align national and local strategic health and care service plans with clear, identified health need.
- 3.15 Projections indicate that by 2036, an additional 15 consulting/treatment rooms will be required in this area where population growth is anticipated to be the highest of any area of the city – from circa 45,000 to 69,000 in under 20 years. The Preston Barracks primary healthcare centre will go a long way to enabling Brighton and Hove to benefit from a primary care estate that offers the physical capacity to provide integrated primary care and community services at scale and to support workforce development and retention for the longer term.
- 3.16 Redevelopment of Preston Barracks and the surrounding areas will create major demand for additional health services from general practice, which are already extremely stretched in meeting local need and which will struggle to be met from current practices in their existing premises.
- 3.17 Two practices have been identified by BHCCG to expand into the Preston Barracks premises, increasing patient capacity from 11,000 to 16,000 (a 45% increase) creating broader and better access to health and care for the local

community.

- 3.18 This will form part of a wider strategy in this area as well as delivering flexibility to provide increasing capacity based on new models of care and more efficient use of space.
- 3.19 Moving to purpose built, appropriately sized accommodation with space for growth and flexibility of use – including accommodating community based services whenever required – will mean all-round and community focused primary care (including preventative services, proactive management of long term conditions and integrated multidisciplinary team working to keep patients out of hospital amongst many others) will be available at scale.
- 3.20 The significant workforce challenges in Brighton and Hove and throughout the country means it is challenging to train, recruit and retain general practice and community healthcare personnel from doctors through physician associate and nurses to healthcare assistants. The co-location of the UoB and the Preston Barracks primary healthcare centre offers a wealth of opportunity for innovation and learning. Joint work is now underway between the UoB, BHCCG and the GP practices and the council to develop a new model of integrated care that facilitates training and development and recruitment and retention of primary care staff. This will form part of BHCCG's Primary Care Strategy and the current intention is to 'pilot' this at the Preston Barracks primary healthcare centre.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

##### **4.1 Do Nothing**

- 4.2 BHCCG is reliant on GP practices, as healthcare providers, to enter into the lease agreements as clinical commissioning groups are not permitted to take on leases on behalf of providers.
- 4.3 The individual practices are unable to enter these agreements as the time required to complete the necessary due diligence and obtain the required NHS approvals for the reimbursement of their rent and rates do not align with those of the wider development programme.
- 4.4 This gives rise to a risk that no GP practice will sign the necessary agreements meaning that the space will not be used for healthcare provision.
- 4.5 This will not address current identified unmet need for primary healthcare delivered via general practice or increased identified future need resulting from housing developments at Preston Barracks as well as Moulsecoomb and the surrounding area.
- 4.6 However, it will not disrupt the delivery of Preston Barracks, as the proposed medical space will be built out as per the current planning consent as A1/A3 and B1 uses.

#### 4.7 **Other Public Sector Body takes the head lease**

- 4.8 Discussions have been had with other NHS provider trusts but have not resulted in a solution that is deliverable within the timescales required due to their own governance processes.
- 4.9 The council is working to deliver on its city leadership role by co-ordinating partners for the delivery of future priority services and is the lead authority for the One Public Estate programme, which has helped to fund and take forward work to facilitate delivery of the primary healthcare centre on the site.
- 4.10 If terms cannot be agreed and recommended then there is still a risk to the delivery of health premises on this site, however, all parties are currently working to reach an agreement.

### 5. **COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 There is no requirement for community consultation in relation to the proposals of this report. Any future development of the site on which these recommendations are premised will be subject to public consultation as part of the planning process which is currently ongoing and future engagement with patients of either current or new practices that are proposed to occupy the space will be undertaken by the practices and BHCCG in the usual manner.

### 6. **CONCLUSION**

- 6.1 Agreement of the recommendations of this report will ensure the future delivery and expansion of primary healthcare from modern, fit for purpose premises and ensure that this opportunity is not lost. Primary healthcare services are particularly at risk given the low number of GP practices that serve this area from variable size, suitability and quality of premises with no room for expansion as they are already full. Without suitable health provision sited at Preston Barracks, the situation will worsen and so have an even greater negative impact on the health of the local communities.
- 6.2 The Preston Barracks primary healthcare centre will increase the supply of primary and community healthcare service floor space in the city, addressing the recent significant decline and, through partnership working, deliver and secure a robust healthcare premises plan for the foreseeable future.

### 7. **FINANCIAL & OTHER IMPLICATIONS:**

#### Financial Implications:

- 7.1 In order to facilitate the development and ensure that there is healthcare provision at the site the council will enter an agreement for the lease of the premises. This will commit the council to be responsible for all obligations under the leases including costs of rent, service charge and other property related costs. Prior to this the council will need to secure an agreement with the BHCCG which will indemnify the council against any financial loss and therefore ensure

the proposal is cost neutral to the council. Details of the costs are included within the Part 2 report.

*Finance Officer Consulted: Rob Allen*

*Date: 18/05/18*

Legal Implications:

- 7.2 The council has the power to enter into the agreement for lease and subsequent lease by virtue of S120 of the Local Government Act 1972. The indemnity from BHCCG will be the subject of legal advice to ensure that there is no risk that the council will have to bear any costs or pay any rent if it is unable to assign or sub-let the lease.

*Lawyer Consulted: Alice Rowland*

*Date: 16/05/18*

Risk and Opportunity Management Implications:

- 7.3 There is a risk that the council may suffer reputational risk if a sub-tenant is not sought, or for void periods during the term of the lease (if the lease is not assigned). We have sought to mitigate this risk by agreeing a wide health user within the heads of terms and agreeing a Memorandum of Understanding with the BHCCG to confirm that both parties use reasonable endeavours to ensure that the site is occupied for the proposed use.

Public Health Implications:

- 7.6 The local neighbourhood is characterised by higher than average deprivation (including child poverty) and physical and mental health needs; and the most concentrated student population. 45% of residents in the local neighbourhood live in the 20% most deprived areas in England. The most recent Health Impact Assessment states that primary health services are particularly at risk in this area given the low number of GP practices with variable size, suitability and quality of premises and no room for expansion as they are already full. Access to primary care is important to support a proactive approach to preventing ill health and managing long term conditions and development of a new primary care centre will benefit public health outcomes.

Corporate / Citywide Implications:

- 7.7 Caring Together, the BHCCG's local response to the NHS Five Year Forward View (FYFV) which forms part of the local Sustainable Transformation Programme (STP), commits the BHCCG to the planning and delivery of healthcare systems that meet need now and for the future through new models of care and integrated health and social care systems.

The need for primary care and community services, together with workforce growth, means that the BHCCG, working in partnership with the University of Brighton and Brighton and Hove City Council, is committing to the provision of healthcare services and workforce development that contribute towards meeting identified local population need for the next 25 years by supporting the Preston Barracks primary care centre.

Should the practices at any point decide to withdraw from the proposed move or give notice to leave the primary care centre at Preston Barracks before the end of the 25 year lease term, the BHCCG or its successor organisation will commission health services to fill the space according to the identified population need at the time.

As set out elsewhere in this report, this recommendation presents an opportunity to continue to facilitate the delivery of the modern fit for purpose premises for the delivery of primary healthcare in an area that meets the needs of some of the most deprived population as well as new residents from nearby developments. This opportunity may be lost if the council does not take action to secure the premises for future use.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Plan to show approximate location GP Medical Centre within wider development. The site is shown edged red and will be located on the ground floor with access from 'The Furlong' and podium car park .

