12 July 2017	ITEM: 15 (Decision 01104436)

Cabinet

Integrated Medical Centre Delivery Plan – Phase 1

Wards and communities affected:	Key Decision:
Tilbury Riverside and Thurrock Park Tilbury St Chads Chadwell St Mary	Key

Report of: Cllr Halden, Portfolio Holder for Education and Health
Cllr Coxshall, Portfolio Holder for Regeneration

Accountable Head of Service: Andy Millard, Head of Planning and Growth

Accountable Director: Roger Harris, Corporate Director of Adults, Housing and Health
Steve Cox, Corporate Director of Environment and Place

This report is Public

Executive Summary

Tilbury is identified as one of the Council's six Growth Hubs. A number of planned and proposed housing schemes being brought forward by both the Council and the private sector are set to increase the local population over the coming years. The development of the London Distribution Park and Tilbury Port's broader expansion aspirations are increasing employment opportunities in the locality whilst Tilbury's good rail connections to London and beyond give access to a wider employment market.

However, Tilbury and Chadwell residents experience poor health outcomes in comparison to the rest of the Borough. Partners from the health sector and the Council have come together with the aim of improving access to high quality health services and have developed an integrated model of care which aims to improve the quality of and access to services to reduce the health inequalities experienced by local residents.

Cabinet, through the Health and Well-Being strategy, has agreed a GP Standards Plan which aims to improve the capacity and the quality of Primary Care across the Borough. The development of Integrated Medical Centres forms one of the key planks of that Plan.

This report gives further detail on the proposed model of care, outlines the proposed delivery mechanism for the capital build project and considers the Council's role in both delivering and occupying part of the facility. Building this meets the Cabinet's commitment to show Tilbury some love.

1. Recommendation(s)

Cabinet is asked to:

1.1 Agree to the Council, in principle, taking the lead role in the capital development of the Tilbury and Chadwell IMC noting that this will require investment of council funds that will be met from the amount agreed by Council for the future and aspirational capital programme and is subject to a future business case being agreed by Cabinet.

1.2 Agree to the Council procuring a design team for the project on a phased basis and delegate authority for appointment to the Corporate Director of Adults, Housing and Health, in consultation with the Corporate Director of Environment and Place, Portfolio Holder for Education and Health and Portfolio Holder for Regeneration.

1.3 Agree to receive a further report outlining the preferred route for the development of the Purfleet Integrated Medical Centre.

2. Introduction and Background

2.1. In March 2016 Cabinet gave in principle approval to the Council leading on the delivery of a Health Hub to be located in the Civic Square in Tilbury. The report highlighted that whilst the Council, CCG, NHS England and a range of health service providers were advocating the model of an integrated health centre, partners from the health sector were not in a position to secure the capital required to deliver such a facility. It was therefore proposed that the Council could act as lead developer and after constructing the centre could lease it back to a health partner.

2.2. The Integrated Medical Centre would form one of four hubs across the borough. The other three hubs will be:

- Corringham / Stanford le hope – North East London Foundation Trust (NELFT) are the lead provider for this Centre. The design process is ongoing and the Centre is expected to be open in 2019.

- Grays – Discussions ongoing but the Centre is likely to be on the site of the existing Thurrock Hospital in Long Lane

- Purfleet – The Purfleet IMC is anticipated to be located within the new Purfleet Town Centre development. This project is governed by a Development Agreement (DA) between the Council and Purfleet Centre Regeneration Ltd (PCRL). There is provision within the DA for

a serviced site to be provided for the Health Centre. The development of the Purfleet IMC will follow a similar process to the Tilbury IMC at the appropriate time.

2.3. Since then discussions have continued with various health partners to develop the model and a proposed delivery mechanism for the scheme in Tilbury. This report summarises these discussions, describes a proposed delivery mechanism and asks Cabinet to approve the highlighted recommendations so that the project can proceed to the next stage.

3. Issues, Options and Analysis of Options

The Model of Care

3.1. It is clear that prioritising the delivery of an integrated health facility would support the wider regeneration aims in Tilbury and Chadwell as well as the Council's Corporate Priorities. However, any proposed health facility must address the local health need and must be supported by partners from across the Health Sector.

3.2. The Public Health team have reviewed a significant body of evidence to define the current health needs of the Tilbury and Chadwell community. Clear evidence suggests that the area experiences health inequalities in terms of access to services and has an urgent need for new facilities to address existing deficiencies as well as to provide additional capacity to accommodate the future growth in population that is expected in the area.

3.3. The poor access to services in the local community manifests itself in a range of indicators which have impacts across the Health Sector such as:

- High levels of attendances to Accident and Emergency (A & E) for conditions that could have been more effectively treated in a community setting – 10,368 of the 13,399 A & E attendances from Tilbury and Chadwell residents in 2015/16 either received the most minor category of investigation or treatment, or no significant investigation or treatment. This accounts for 77% of A & E attendances in this population.

- Higher prevalence of long term conditions - the recorded prevalence of long term conditions in the Tilbury and Chadwell locality is higher than the Thurrock average for almost all conditions. In addition, there are a large estimated number of patients with long term conditions yet to be diagnosed – up to 2,195 cases of Hypertension and 1,649 cases of Coronary Heart Disease may be present in residents but not yet being diagnosed or treated.

- Higher than average rates of unplanned care admissions. 453 of the unplanned care admissions in 2015/16 from Tilbury and Chadwell

residents were due to conditions amenable to effective healthcare. The main cause for these admissions was influenza or pneumonia.

- Low levels of referral to community health services. Pulmonary Rehabilitation is a service offered to eligible patients with Chronic Obstructive Pulmonary Disease (COPD) to support them to manage their condition. However, only 20% of newly-diagnosed eligible patients were referred into the service in 2015/16.

- Low levels of referral to preventative support. The Rapid Response Assessment Service aims to provide rapid assessment and intervention to prevent residents entering either hospital or Adult Social Care Services unnecessarily; yet in Tilbury and Chadwell locality, the referral rate was nearly three times lower for adults aged 65+ than the Thurrock average in 2015/16 (9.71 per 1,000 adults compared to 27.7 per 1,000 adults in Thurrock).

3.4. To provide modern and effective health services, partners are advocating the development of a new model of Integrated Medical Centres (previously called Health Hubs and Integrated Healthy Living Centres) which co-locate a range of services and providers within one building. IMC's are expected to include services which not only address a primary care, secondary care, physical and mental health needs but also have a positive impact on the wider determinants of health by providing services related to areas such as education, employment and housing. This ambitious vision could transform health and social care provision but will need a range of diverse partners to work together to ensure that appropriate facilities can be developed and then effective services delivered from them.

4. Options for delivery of the Capital Build

4.1. Since the last Cabinet report, discussions have been ongoing with a number of Council departments, the CCG, NHS England and a range of health service providers. From these discussions it is clear that there remains widespread support for the IMC concept but that partners from the health sector are not in a position to design or construct the IMC themselves.

4.2. Partners to the scheme have identified the Civic Square in Tilbury as the ideal location for the IMC. The Council owns the majority of this land and already delivers a range of services from existing buildings on the Square. The precise location on the Square will be defined during the design process but options under consideration are either the redevelopment of the site of the existing Community Resource Centre (the former Fire Station building) or a potential extension to the Library building.

4.3. Whilst the Council has limited experience in delivering Health facilities it has significant experience in project management, capital developments and working with multi-disciplinary stakeholders. Coupled with a potential income stream from service provider(s) the Council can borrow against this revenue

stream to secure the capital needed for the development thereby allowing it to take on the role of lead developer and subsequently landlord.

4.4. As well as being an instrumental player in driving improved health provision there is clear regeneration benefit associated with the Council playing such a proactive role. In Tilbury the wider regeneration programme aims, amongst other things, to improve the quality of the environment and create a greater sense of place and local identity. By acting as developer the Council can ensure that the design quality of the buildings (on a key site within the Town Centre) is high and successfully contributes to the place making agenda. In addition, the Council can have control over the other services to be included within the building. This offers the opportunity to deliver complementary Council services (such as social care or community hubs) from key sites. Public Health services are already a key component in the accommodation schedule but opportunities remain to expand the Council element of provision further to potentially include services such as Housing Officers, library services and the Community Hub. This opportunity is considered in further detail below.

4.5. Should the Council not be minded to take on the lead role it could dispose of the land to a third party who could commission the development directly. Colleagues from the health sector have suggested that this could be a very lengthy process and the delivery timescale would likely be lengthened. The IMC concept could still be realised but the Council's ability to influence the design, build quality or complementary uses on a key site in the Civic Square would be reduced. The regeneration impact achieved would therefore be lessened. This could present an alternative delivery method but the lengthened timescale and lower regeneration benefits mean that this option is not currently being pursued.

4.6. Given the clear benefits and the urgent need to improve facilities and service provision it is suggested that, subject to commercial viability being established, the Council takes on the role of developer. The following sections explain what this role will entail.

5. NHS Process

5.1. Whilst the CCG and health service providers are fully supportive of the scheme, commencing service delivery from the IMC will represent a change to patient care and therefore approval from NHS England will be required. This approval is secured in two phases. Initially an Outline Business Case must be submitted and if this is approved the project can then progress to a Full Business Case. Patient services cannot be delivered from the Centre without this approval.

5.2. The Outline Business Case requires an articulation of the model of care and patient pathways alongside outline building design. For the Full Business Case planning consent must be secured for the building. Whilst some of the information required to complete these submissions can be provided by the

CCG, the design work and planning fee requires a level of cost which will be invested at risk by the Council. NHS England are engaged with the project and, given that the business case will not be requesting a capital commitment from the NHS, the risk of not receiving this approval is deemed to be low, however, the risk remains and should be noted.

6. Proposed Council Role

6.1. In recent months the Council and CCG have jointly funded a commission to translate the articulated health need into a schedule of accommodation for the IMC. This work is largely complete although detailed discussions on the level of accommodation required for Council services need to be completed.

6.2. A high level cost exercise to establish whether the anticipated rental income is likely to be able to pay back the capital cost and provide a return to the Council over a reasonable time period is now underway and will be completed before appointment of a design team. Without a detailed design and cost plan for the building viability cannot be definitively proven but an estimation is required before funding can be committed to progressing the design work.

6.3. Beyond this stage, in order to take on the role of developer, the Council will need to commit resource to move the project to the delivery stage and will have to comply with the NHS approval process highlighted above. Resource will be committed at risk until the project has received approval from the NHS via submission and agreement of the Full Business Case. The Full Business Case requires the building to be designed to RIBA Stage 3 (Developed Design) and planning permission secured therefore some element of cost will need to be incurred in advance of the necessary approval being secured. NHS England have been engaged throughout the discussions to date and have informally expressed support for the scheme and clearly stated that the new GP contracts being commissioned and other services e.g. the new Improving Access to Psychological Treatments (IAPT) programme for this area must operate out of the IMC building. At the point where the NHS has given approval of the Full Business Case the Council would seek to enter into a legal agreement with the head lessee before development would begin.

6.4. Subject to the high level cost/income plan demonstrating that the building could be viable the Council will commission a professional team to design the building. It is clearly desirable to retain the design team throughout the lifetime of the project to ensure continuity and clear responsibilities in terms of liabilities and warranties. To ensure that this is possible, whilst minimising the risk to the Council in the event of the project not proceeding, the commission will be tendered for the full lifetime of the design and construction process but awarded on a phased basis with the Council having the right to terminate the commission at the end of any completed phase without incurring any penalty.

6.5. The immediate commitment required will provide sufficient design detail (to RIBA stage 2) to inform an Outline Business Case to NHS England. This cost

is expected to be in the region of £0.2m. On approval from NHS England the subsequent module will be commissioned to take the design to RIBA stage 3 and inform a Full Business Case submission to NHS England. The cost for this stage is likely to be a further £0.3m taking the Council's total level of investment at risk to approximately £0.5m.

6.6. This project has already been approved for inclusion in the Council's Future and Aspirational Proposals list which was signed off by Cabinet in February 2017. The list has a budget allocation of £2m and contains over 20 projects. Should the funding for the Tilbury IMC be approved a significant amount of this funding will be used.

6.7. The commission is expected to continue beyond the modules required to secure NHS approval and the total cost will therefore exceed the threshold for a Director level tender award.

6.8. Upon appointing the professional team the Council will manage this contract securing input and sign off from health partners as appropriate.

6.9. On completion of RIBA Stage 3, and assuming approval from NHS England, and confirmation of commercial viability, it is intended that the Council will use its prudential borrowing powers to secure the capital funding required to procure a developer to construct the building (a further report, supported by a detailed business case, will be presented to Cabinet to secure approval to borrow the funds and tender this contract at the appropriate point).

6.10. The Council will seek to appoint a Head Leaseholder for the whole building. The Head Leaseholder will be required to enter into an Agreement to Lease formally committing them to take on the lease of the building prior to the Council awarding the development contract.

6.11. A number of health partners have expressed an interest in taking on the Head Leaseholder role but firm commitments cannot be finally secured until the building is designed and costed to a sufficient level of detail to enable rental costs to be estimated. The principle for setting the rent level will be based on enabling the Council to pay back the capital cost plus make a return on the investment.

6.12. The rental levels agreed must cover the costs of the shared spaces as well as any void spaces. The CCG has agreed to specify in future contracts that their commissioned services must be delivered from the IMC. This will ensure that rental income will be available. Furthermore the CCG has agreed to underwrite the rental cost of void spaces which are allocated to the health services. The Council will be required to enter into a similar agreement for any void costs associated with accommodation dedicated to Council services.

6.13. The leaseholder will be permitted to sub-let parts of the building to particular service providers in line with the requirements of the services being delivered from the Centre. This will include spaces used to deliver any Council

commissioned services. It should be noted that any organisation taking on this role is likely to apply a management charge which will represent an additional cost to the sub tenants.

7. Council Service Provision

7.1. There remains opportunity for Council services to be included in the Centre but to meet the proposed timescales decisions on which, if any, services are to be relocated need to be taken swiftly.

7.2. The Council service provision in the Civic Square is focused on the Library building to the western edge of the Square. This currently houses the Library, Community Hub and some Housing Office Services. Some or all of these services could be relocated into the IMC.

7.3. There are both benefits and disadvantages of a potential relocation. These services are complementary to the Health offer and could have a positive impact on the wider determinants of health, the offer would be strengthened by co-locating. The existing library building has recently been refurbished and the accommodation has been improved but the new facility could offer further improvements as well as offering access to flexible shared space. Better value on the build costs may be achieved by bringing more services into the building as additional accommodation is likely to be provided on additional storeys on the same building footprint. Relocation would, however, require rent to be paid for the new accommodation and would leave the Council with void space(s) to fill in the existing building.

7.4. The decision on whether any of these services is going to be included in the new facility needs to be taken quickly to ensure that the brief for the design team is complete from the outset of the commission. Whilst the decision relating to the Library and Housing Officers rests with the Council the Community Hub must be managed separately. The Council has worked hard to give true autonomy to the Community Hubs and the Hubs are now set up as an established charity, Community Hubs Thurrock. Much of the programme's success can be attributed to the volunteers having a genuine level of authority on the future development of the Hub Programme. Whilst moving into the IMC could present a real opportunity to enhance their offer the decision must rest with the Community Hubs Network Board.

8. Risks

8.1. There are a number of risks facing the effective delivery of this programme. A full risk register will be developed if the project is given approval to proceed but the main risks identified at this stage are highlighted below.

Risk	Impact	Probability	Mitigation
Funds must be committed in	Funds could be lost if the	Medium	Continue engagement with NHS England,

advance of securing approval from NHS England.	project doesn't proceed.		ensure Outline Business Case clearly describes the project. Commission design team on a phased basis to limit exposure.
Brief for the design team is not clearly defined.	Increased project cost.	Medium	Continue engagement with CCG and Council to further develop brief. Do not award contract until all partners agree the brief.
Proposed Head Lease term longer than the CCG service delivery contracts.	Lack of security over future income stream.	Medium	The Head Lease will be for a term that is sufficient to payback the capital cost plus a return to the Council. An Agreement to Lease will be required before the construction contract is awarded.
Capital cost too high to be supported by the rental stream.	IMC is unaffordable and doesn't proceed. Development funds are lost.	Medium	Cost advice will be sought throughout the project and checked against affordability.

8.2. It is clear that by taking on the role of developer and landlord the Council is also taking on a significant element of risk in the early stages of the project development. Informal feedback from NHS England is that they are supportive of the proposals but formal approval must be secured in order for the project to proceed to the construction phase. A substantial investment will be required to develop the building design and achieve planning consent prior to this approval being secured. The Council will mitigate this risk as far as possible by ensuring that any contracts awarded have clear breaks at key phases allowing the Council to end the contract at the end of any completed phase. The dialogue with NHS England will be ongoing throughout to ensure that the project develops in line with NHS England requirements.

8.3. The IMC will be a bespoke facility and on completion will only be appropriate for occupation by Health service providers. These services are commissioned variously by either the CCG or Public Health and typically have contract durations which do not exceed 7 years. This will not be sufficient to pay off the capital cost of the building. The Council will mitigate this risk by leasing initially to a Head Leaseholder who can offer a commitment in excess of the length of individual contracts to service providers. This Head Leaseholder will be required to sign an Agreement to Lease in advance of the Council awarding the construction contract but significant investment in the design

and planning process will have been made in advance of this. The CCG has committed in writing to make locating in the IMC a condition of contract award and will underwrite void costs in the event of breaks between contracts.

9. Reasons for Recommendation

9.1. There are clear benefits to the Council taking on a prominent role in the delivery of this project. To move to the delivery phase of this project the Council needs to appoint a professional team, the cost associated with this requires Cabinet level approval.

10. Consultation

10.1. In March 2016 Cabinet resolved to support the principle of the Council leading on the development of a Health Hub in Tilbury. Since this time consultation has been ongoing with the CCG and various service providers in order to inform the project to the position as described in this report.

10.2. Reports will be presented to Health and Well-Being Overview and Scrutiny Committee and Planning, Transport and Regeneration Overview and Scrutiny Committee prior to Cabinet.

11. Impact on corporate policies, priorities, performance and community impact

11.1. This project supports the Council's corporate priority of improving health and wellbeing. In particular, it supports the four principles stated in the Thurrock Health and Wellbeing Strategy 2016-2021 and has a specific reference under 'Goal 4 Quality care, centred around the person' of the same strategy.

11.2. A Joint Strategic Needs Assessment has been produced to specifically inform the development of this project.

11.3. The project is fully aligned with the Council's stated Vision for Tilbury agreed by Cabinet in December 2013.

12. Implications

12.1. Financial

Implications verified by: **Mark Terry**

Senior Financial Accountant

In the first instance, Cabinet will be asked to approve the release of £0.5m of funding from the Future and Aspirational Proposals allocation approved by Cabinet in February 2017, to cover the design costs up to RIBA Stage 3 and planning application submission, before the project has final approval from NHS England. If the £0.5m is borrowed over a 5 year period, the repayment

costs (with interest) would be £0.103m per annum. The risk that the Council would be taking at this stage is clearly outlined in this report. If the scheme were not to proceed after completion of the design stage, capital costs that have been incurred would have to be re-charged to the General Fund.

In the longer term, should the project receive all the necessary approvals and Cabinet give approval for the council to act as developer there will be a significant borrowing commitment that will be repaid (on commercial terms) over a long timeframe (20-25 years). Before the longer term commitment is made a further report will be presented to Cabinet containing the full details of the business case and financing costs, and seeking approval to commit to borrowing the necessary funding.

12.2. Legal

Implications verified by: **Vivien Williams**

Planning and Regeneration Solicitor

There are no legal implications arising out of this report at this stage. As the project develops any contracts entered in to will be checked with legal services prior to award.

12.3. Diversity and Equality

Implications verified by: **Natalie Warren**

Community Development and Equalities Manager

This project has the potential to make a significant contribution to reducing health inequality in Tilbury. Should Cabinet approve the proposed delivery mechanism the architects brief will ensure that the building design meets the latest equality legislation.

13. Background papers used in preparing the report:

- Tilbury Regeneration Programme and Health Hubs http://democracy.thurrock.gov.uk/ieListDocuments.aspx?CId=129&MId=2565&Ver=4
- Thurrock Health and Wellbeing Strategy 2016-2021 https://www.thurrock.gov.uk/strategies/health-and-well-being-strategy
- Joint Strategic Needs Assessment - Tilbury Integrated Healthy Living Centre https://www.thurrock.gov.uk/healthy-living/joint-strategic-needs-assessment

14. Appendices to the report

- None

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