

**Report for:** Leader's signing, 19<sup>th</sup> March 2018

**Title:** Disposal of the proposed shell and core facility at the Welbourne site in Tottenham Hale for use as a new health centre

**Report authorised by :** Helen Fisher, Interim Strategic Director Regeneration Planning and Development

**Lead Officer:** Steve Carr, Interim Assistant Director Economic Development and Growth

**Ward(s) affected:** Tottenham Hale

**Report for Key/  
Non Key Decision:** Key Decision

## **1. Describe the issue under consideration**

- 1.1. The report seeks approval to enter into an agreement for lease with Healthlink Investments Ltd for a unit at the prospective Welbourne development at Tottenham Hale in order to realise the Welbourne Health Centre.
- 1.2. In September 2014, Healthwatch Haringey reported on access to primary care in the borough, which identified significant primary care issues in the Tottenham Hale ward, supporting concerns raised by ward councillors and others and prompting action to address a local deficit in primary care provision.
- 1.3. In 2015, the Haringey Clinical Commissioning Group (CCG) commissioned a joint report with NHS England as part of the a strategic premised plan. The report identified that, by 2025, there was likely to be a need for a health facility which could provide services for approximately 25,000 patients. A Task and Finish Group was formed, comprising officers from the Council, NHS England and the CCG, local Councillors and Healthwatch Haringey. This led to the identification of the Council-owned site of the former Welbourne Community Centre as the most appropriate location and work was commenced to identify funding for this facility.
- 1.4. In recognition of the primary care deficit and the time that would be taken to complete the new building at the Welbourne Centre site, a temporary primary care facility was opened in August 2016 at Hale Village (Tottenham Hale Medical Practice), with a time-limited contract awarded by the CCG to the Lawrence House Surgery who were appointed to run the practice. It is planned to close this temporary site when the new Welbourne Centre facility opens and

the CCG intends to re-procure the contract to deliver services at the new permanent site.

- 1.5. During the Council's public consultation on both the Tottenham Hale District Centre Framework and the Tottenham Area Action Plan (AAP), the provision of a new primary health care emerged as a clear priority for local residents. The Council identified the AAP-designated site, TH10 Welbourne Centre and Monument Way, as the preferred site for this new health facility.
- 1.6. On 21 March 2017, the Council entered into a Strategic Delivery Partnership (SDP) Agreement with TH Ferry Island Limited Partnership (an Argent Related entity). The agreement contains an obligation for the developer to deliver a health care facility to shell and core specification, of 1,500 square metres, with the Council taking a long lease back for this health care unit, subject to a further Key Decision on the financial and operational arrangements for the health centre.
- 1.7. This report seeks this Key Decision in order to secure the health centre. Because the financial and operational details of the Health Centre have now been resolved, it is proposed that the Council dispose of a long lease to HealthLink, the third party developer appointed by the GP practice. HealthLink will fit out the health centre once Argent Related has completed the building and have leased the unit back to the Council. The terms of the disposal to HealthLink will be as set out in the agreed Heads of Terms, as referred to in Annex C of this report.
- 1.8. The CCG require a commitment from the Council to support the preliminary approval in order to secure the funding of the proposed health centre. Full business approval would be needed after planning consent is granted for the development scheme to be put forward by Argent Related, which is estimated for later in 2018. It is proposed that the Council agree now to dispose of the property based on a long lease to HealthLink Investments Ltd, appointed by the CCG to fit out the health centre, as per the Heads of Terms as referred to in Annex C of this report.

## **2. Cabinet Member Introduction**

- 2.1. We have made great progress in setting out an exciting vision for the future of Tottenham. This vision speaks of Tottenham Hale as London's next great affordable neighbourhood of choice, one with a different kind of housing market that affords Londoners a greater range of quality housing choices. At the heart of Tottenham Hale, around the new station interchange, there will be a thriving district centre, with new places to live, work, shop and enjoy.
- 2.2. A pivotal part of this transformation change in Tottenham Hale is ensuring that social and community infrastructure is in place to both support the existing community and allow for a substantial increase in new local residents. Through consultation on the District Centre Framework and the Area Action Plan, the improvement of local primary health services was identified as a primary concern for local residents, and the Welbourne Centre emerged as the site with most potential to host this new facility.

### 3. Recommendations

#### 3.1. That the Leader agree to:

- a) The disposal to HealthLink Investments Limited of the new health facility unit (outlined in red in the plan in Appendix A2) to be built by TH Ferry Island Limited Partnership under the Development Agreement dated 21 March 2017 on the Welbourne Centre site in Tottenham Hale subject to the Lease back to the Council; and
- b) That the disposal shall be a lease for a term of 125 years for the premium set out in and based on the agreed Heads of Terms attached in Annex C of this report; and
- c) Give delegated authority to the Strategic Director Regeneration Planning and Development after consultation with the Assistant Director of Corporate Governance to agree the final terms of the lease.

### 4. Reasons for decision

- 4.1. On 21 March 2017, the Council entered into a Strategic Development Partnership (SDP) agreement with TH Ferry Island Limited Partnership (an Argent Related entity). The agreement contains an obligation for the developer to deliver a health care facility to shell and core standard. In November 2016, Haringey CCG was awarded over £11m capital from the capital funding from the NHS Estate and Technology Transformation Fund (ETTF), made available through the Department of Health, in order to support the development of three primary care premises in the east of Haringey (Wood Green, Green Lanes and Tottenham Hale).
- 4.2. One of these three premises is the proposed new Welbourne Centre facility at Tottenham Hale. The CCG resolved to use this funding to engage a third party developer to fit out the new health centre, commissioned by a GP practice selected through a competitive procurement process, as detailed below.

### 5. Alternative options considered

- 5.1. **Do Nothing** – The Council could decide not to dispose of the long lease at the Welbourne site to HealthLink, or any other prospective third party developer or other body nominated by the CCG. However, the decision to secure this shell and core facility has already been made under a previous Cabinet Report, and as such this arrangement has already been included in the Council's Strategic Development Partnership (SDP) with Argent Related. The value of the unit has already been foregone and the SDP Development Agreement stipulates that the space will be used as a health centre, so its value under alternative options are limited. There are no other feasible options for operating a health centre from this facility without following the process recommended by the CCG and utilising the capital funding it is bidding for.
- 5.2. **Delay decision** – There are risks in agreeing the proposed heads of terms for the lease as the proposal does not have planning granted currently and the design has not been finalised. This will create uncertainty and could delay the project.

## 6. BACKGROUND INFORMATION

### Selection of GP Practice

- 6.1. In May 2017, a selection process was undertaken by the CCG to run the GP surgery and the Dowsett Road surgery was the successful practice. This is one of the nearest surgeries to the new proposed Welbourne Centre facility so will provide the opportunity to move a practice from outdated premises into a fit-for-purpose building. Whilst Dowsett Road is a small surgery, it is run by a much larger group practice, Lawrence House GP group, which has the resource in place to manage the move into a substantial building like the proposed Welbourne Centre. The temporary practice contract at Hale Village (also run by Lawrence House currently) will come up for renewal when the practice moves into the proposed Welbourne site, so the patient list will move to the Welbourne Centre and the site at Hale Village closed.
- 6.2. It will provide an opportunity to introduce new services to support the evolving Sustainability and Transformation Plan for North Central London, whilst providing additional capacity and capability in an area underserved by health facilities, and more widely, by community facilities. The new site offered will provide a significant net increase in space and provide high quality, flexible accommodation to meet current and future health needs and improve the experience for patients, residents and staff.

### CCG Procurement of a Third-Party Developer

- 6.3. Argent Related were approached by the CCG to ascertain their interest in fitting out the facility, utilising the DfH ETTF funding that has been awarded. However they declined to undertake these specialist works and it was therefore agreed that their works to the facility would end once a shell and core was delivered. The CCG subsequently explored alternative delivery routes, including the Council undertaking the fit-out and leasing directly to the Health Centre. The Council do not have the resources or expertise to undertake the works required and CCG undertook a selection process from which HealthLink were selected. HealthLink are a small private developer with significant experience in developing and fitting out primary care premises in London.

### NHS England Funding and CCG Progress to Date

- 6.4. As noted above, the CCG has been progressing a funding bid with NHS England since this project was awarded first stage approval in November 2016. In January 2017 the Project Initiation Document (PID) for this project was approved by the ETTF programme management office. The revenue consequences of the scheme were approved by the CCG's Primary Care Transformation Group and Primary Care Committee in Common in September 2017. The project is now subject to an Outline Business Case in order to secure funding. This is dependent on obtaining planning consent for the development and Cabinet approval will support a preliminary approval to the Outline Business Case.

- 6.5. It is now understood that the NHS require the following in order to recommend that the funding bid for the Welbourne Centre proceed to the next stage:
- **Detailed designs** – confirmation is required that designs have sufficiently progressed to show that the shell & core space being delivered by Argent Related, once fitted out, will result in a health centre that is fit for purposes and in accordance with the specification in the bid.
  - **Design Quality Assessment** – confirmation is required that the designs developed are being approved at each stage through a recognized independent quality review process and any issues have been identified are recorded and actioned.
  - **District Valuer Assessment** – this will be based on the detailed designs, and the Council have engaged property adviser GL Hearn to undertake a separate valuation, based on the rent agreed between HealthLink and the GP practice, in order to negotiate a price for the long lease representing best consideration.
  - **BREEAM Assessment** – The OBC will need to include a BREEAM assessment report to demonstrate that the scheme can achieve BREEAM Excellent.
  - **Clear support from the Council on value for money rent** – Through its process selecting HealthLink as third party developer, the CCG has agreed a rent level which presents value for money for the incoming GP practice and a good return on the ETTF grant.
- 6.6. HealthLink will take a lease of the premises from the Council and will provide the fitout to the finished shell and core building and will then lease the premises to the GP practice on a 20 or 25 year lease (dependent upon the term of funding secured from the NHS).
- 6.7. The new development, to be delivered by Argent Related, will be built on the old site of the demolished Welbourne Day Centre. This will consist of a mixed use building that will provide a significant number of new homes above, with the shell & core facility on ground and first floors, potentially alongside a small retail unit at ground floor also.
- 6.8. The site has been cleared but there is a significant amount of utilities diversions and other enabling works to be carried out by Argent Related following planning approval and before development work can begin in earnest.
- 6.9. It is now expected that a combined planning application for all SDP sites, including the Welbourne site, will be submitted by Argent Related in Summer 2018. The size of the proposed shell & core means that the Welbourne Health Centre, once fully operational, should be able to cater to up to 30,000 patients.

## Property Considerations & Proposed Transaction

- 6.10. The proposal is for the Council to lease the property when completed to HealthLink for a term of 125 years at a peppercorn rent and at a premium. The lease will be granted out of the Council's lease back from Argent Related. Argent Related will be granted a headlease by the Council who are the freeholders of the site under the terms of the Development Agreement.

- 6.11. A 125 year lease has been offered to Healthlink, over a shorter lease, because it:
- (a) maximises the capital receipt payable to the Council, to be utilised as set out on paragraph 6.16;
  - (b) reduces the risk to the Council of having a property returned to it in 25 years time which would require further investment.
- Further detail is set out in Part B of this report.
- 6.12. The proposed leases are subject to full business case approval by the NHS including the outline business case and a development agreement and will not commence until practical completion of the shell & core.
- 6.13. Under the terms of the Development Agreement between the Council and TH Ferry Island Limited Partnership, the developer has to provide the ground floor and first floor health facility to a shell and core specification and the price agreed reflects this. HealthLink will then complete the fitting out of the premises and letting the space on a 20 year or 25 year lease to the GP practices on a sub-underlease.
- 6.14. The price agreed in the heads of terms has been negotiated with HealthLink Investments Limited. The Council's property adviser G L Hearn have negotiated the terms and have confirmed in a report that the transaction represents best consideration to the Council.
- 6.15. There are a number of ways the Council may control the use of the centre to ensure the use remains as genuine health. Covenants in the lease will include a restriction on use and on assignment and subletting of the premises. This will include the provision that the unit will be let to a health provider for the exclusive purpose of providing NHS services and specifically not an occupier whose primary operation is the provision of private medical care or services.
- 6.16. It should be noted that Cabinet has previously decided "that the sales receipts from the disposals [of SDP sites] be used by the Council to support the provision of affordable housing within the Tottenham Housing Zone and capital projects in the Tottenham Hale District Centre Framework".

## **7. Contribution to strategic outcomes**

- 7.1 The recommendations in this report are related to a number of Council wide corporate policies and priorities and will help deliver the Council's priorities as set out in the Corporate Plan 2015-2018: building a stronger Haringey together, most notably Priorities 2 &3, and in the Housing Strategy.

## **8. Statutory Officers comments (Chief Finance Officer, including procurement, & Assistant Director of Corporate Governance, Equalities)**

### **Finance**

- 8.1. The report is recommending that the Council dispose of its interest in the Welbourne Centre (once built) to HealthLink Investments Limited by way of a full repairing and insuring lease for a period of 125 years, and with a premium payable (see exempt report).
- 8.2. In turn HealthLink will grant a lease to a GP practice for 20 or 25 years. Negotiations were undertaken around having a lease term of 25 years (this being the minimum length of lease that would provide an investment grade property). The results of that negotiation are contained in the exempt report.
- 8.3. Within the base case for the SDP agreement there was an assumption made around the disposal of the Welbourne Centre to the CCG/NHS. The recommendation of this report betters the base case assumption.

### **Procurement**

- 8.4. Procurement Unit notes the recommendations in this report and that there is no input from procurement required.

### **Legal**

- 8.3 As set out in this report the Council has on 21 March 2017 entered into a Agreement with TH Ferry Island Limited Partnership to develop various sites in the Tottenham Hale area. On completion of the building to be constructed on the Welbourne Centre site the Council will take a lease back from TH Ferry Island Limited Partnership of the floors comprising the health centre. This report seeks authority to dispose of the health centre through the granting of a sub underlease to be created out of the the Council's lease.

The Council has the power to dispose of the property in any manner it wishes under section 123 of the Local Government Act 1972 but must obtain best consideration otherwise the consent of the secretary of state is required.

### **Equality**

- 8.4 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
  - Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - Advance equality of opportunity between people who share those protected characteristics and people who do not
  - Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.5 The proposal will enable a new health facility to be established in Tottenham Hale. We know that this is a locality in which individuals with protected

characteristics are overrepresented as compared to the wider borough, London, and England. Significantly, the local area has a high proportion of residents with disabilities and long-term health conditions that adversely impact their ability to conduct day-to-day activities.

- 8.6 Results of consultation exercises suggest that primary healthcare facilities are a priority for local residents. This indicates that this is a currently under-served community. The proposal will therefore enable the Council to meet its Public Sector Equality Duty to eliminate discrimination.

**9. Use of Appendices:**

Appendix 1A – Proposed Floor Plan

Appendix 1B – Site Plan

Appendix B – Service Model

Appendix C – Heads of Terms - exempt

**10. Local Government (Access to Information) Act 1985**

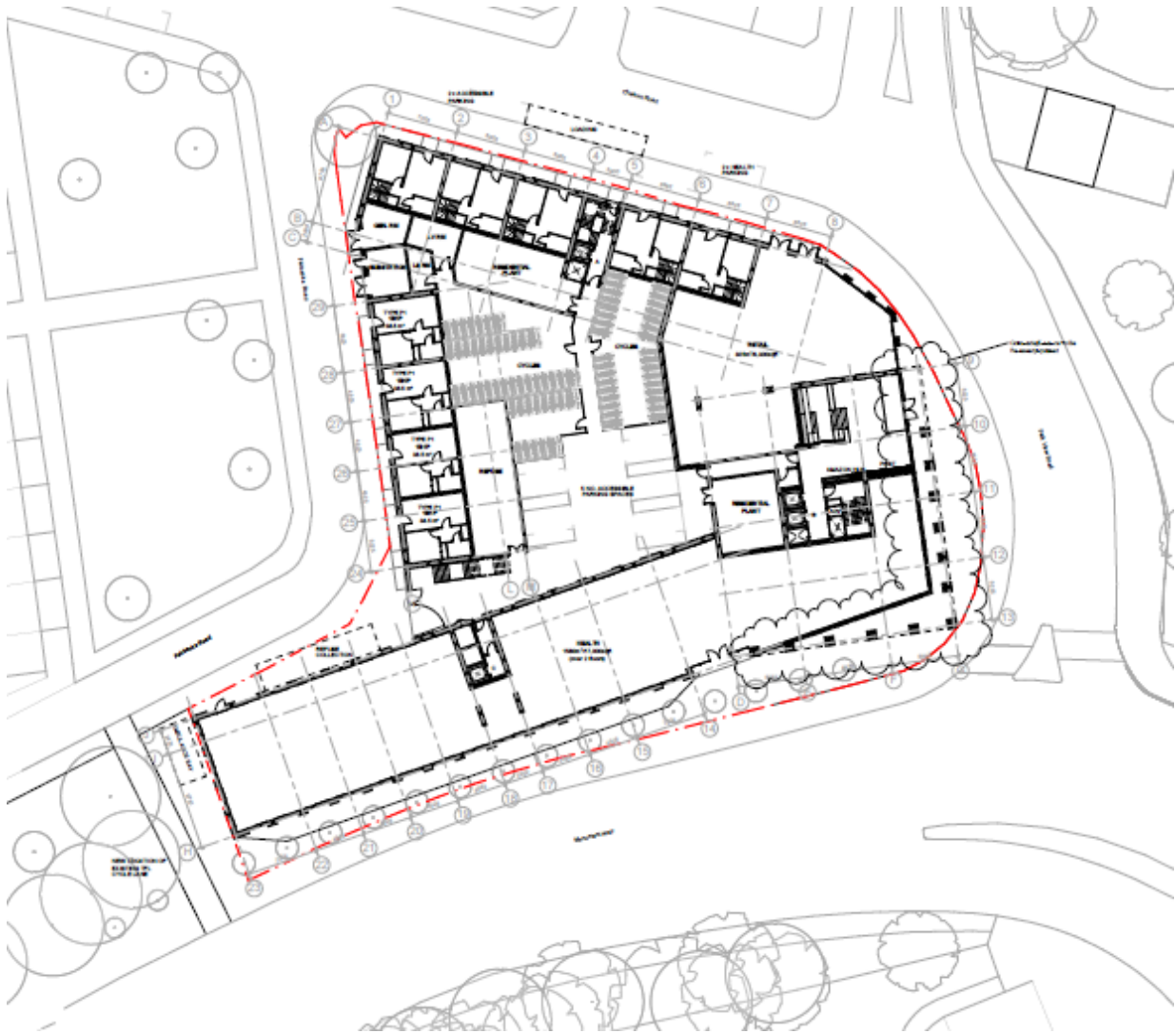
NOT FOR PUBLICATION by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Part of this report is not for publication as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Appendix A (1)– Proposed Floor Plan



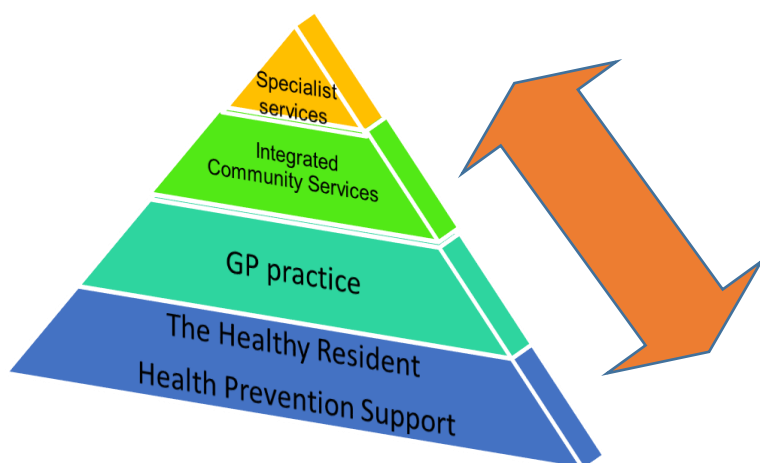




Appendix B – **SERVICE MODEL**

## Service Delivery Model developed by Haringey CCG

1. Work is currently underway to finalise a service model which will provide integrated care closer to home at the Welbourne Centre, and involve a range of health, social care and wellbeing services using the accommodation flexibly. It is also intended to provide a space for community groups and activities. Because the mix and range of services to be delivered from primary and community care buildings can change over time, it is important that the accommodation is flexible and adaptable.
2. Whilst this is work in progress, a clear model is emerging, consistent with the development of the Care Closer to Home Integrated Network (CHIN) priorities. This model is being developed through a virtual Service Development Group and a range of stakeholders has been consulted including Director of Adult Social Services, Assistant Director of Public Health and Assistant Director of Commissioning at Haringey Council; Chief Executive, Whittington Health; Director of Clinical Services, BEH Mental Health Trust and the CCG's Director of Commissioning, Assistant Director of Primary Care Development and Quality, and Joint Enablement Lead, as well as input from Healthwatch Haringey and the Bridge Renewal Trust.
3. At its root will be the 'healthy resident' who will be supported to maintain or improve their own health and wellbeing. However, the resident is at the centre of each tier of the service model and their needs drive this model. The pivot point of care is the GP practice, with an expectation that the practice(s) will co-ordinate and facilitate the operation of a range of other services using the centre for the benefit of an extended range of patients.
4. The key to this model is the co-ordination of pathways of care, resulting in integrated services that meet residents' needs.



## Community Health and Wellbeing Hub

5. This is a 'once in a generation' opportunity to develop a health premises, in an area of significant generation, which can become a community hub. The CCG is aware that the site of the Welbourne Centre was once a community centre and whilst the key aim of the site is to ensure that there is sufficient high quality primary care for the existing and new population, there is genuine desire by the CCG to ensure that this new building can become a community resource. This could be used to deliver a range of health and wellbeing services, in line with the Regeneration principles.
6. It is intended to do the following:
  - Work with the lead GP practice to optimise use of the Centre, when not being used for primary care
  - Open the centre in the evenings and at weekends and make it available for community groups to hire at below market value cost
  - Work closely with the Regeneration Team and other Council departments to identify opportunities for joint health and wellbeing initiatives and ideas to utilise this site for community benefit
7. The total consulting space will not be required on day one of the buildings opening and will be better utilised as the patient lists grow significantly and the practices expand their doctor and nurse training programmes. Therefore, Council regeneration officers are working closely with the CCG to explore the meanwhile use of these buildings, including offering the space to community groups/voluntary sector organisations on a short term basis. The '3 Tier Health & Wellbeing Hub Model' is set out at the end of this document.
8. The Services to be delivered from Welbourne Centre are:
  - GP Practice
  - Potential Care Closer to Home hub
  - Health promotion services
  - Potential Diabetes Hub
  - Hypertension Joint Clinics
  - Early Help and Prevention for children, to prevent acute admissions and statutory referrals
  - Welfare hub and other advice services

### **Tottenham Hale Demographics**

9. Work has been undertaken across the CCG and the Public Health team at Haringey Council to identify the demographics of the Tottenham Hale area.
10. With regard to long term conditions, the Tottenham Hale area has a high prevalence of Diabetes, Coronary Heart Disease and Stroke.<sup>1</sup>

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<sup>1</sup> Haringey Health Profile, Business Intelligence Unit, Haringey Council, November 2016

11. In terms of some of the key demographics of the Tottenham Hale area<sup>2</sup>, there is a high proportion of children and a high number of lone parent households, resulting in a need to consider what kind of children and family support services should be delivered from the new Welbourne Centre. There is also high unemployment and low education levels, which give rise to a need for a range of information, advice and support services which get to the root of the determinants of ill-health, such as housing, welfare support, benefits advice. Finally, this is a population which has diverse ethnicity, and it is therefore important to ensure the needs of a wide range of communities are met, through everything from language services to providing a space for community organisations.

## **Health & Wellbeing Hub Model**

### **TIER 1: WELLBEING SERVICES: THE HEALTHY RESIDENT**

#### **A. Prevention:**

- The building will support prevention by having a station available in each site which allows patients to monitor: blood pressure, weight, cholesterol check, linked through to patient record, log in details such as smoking status, provide relevant health information and advice
- Accessible online information about local services

#### **B. Services coordinated by the practice/CHIN but delivered by a range of providers including voluntary and charity sector:**

- Self-management and education – Expert Patient Programme, Diabetes Education
- Smoking cessation
- Obesity management
- Physical activity
- Peer support inc. mental health and carers' groups
- Teenage pregnancy support

### **TIER 2: GP PRACTICE**

- Large GP practice (part of a CHIN – see below) as the pivot point of care, co-ordinating the interaction with a range of services
- Responsible for optimising booking of flexible clinical and meeting spaces to appropriate providers
- Potential Hub for local CHIN (Care Closer to Home Network – for East Haringey)
- A separate contract will be entered with the GP practice which sets out their responsibilities for managing the operations and optimising the booking of this site and how they will be remunerated for that

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<sup>2</sup> ONS mid-year estimates and Haringey ward profiles (Tottenham Hale)

### **TIER 3: INTEGRATED COMMUNITY SERVICES**

This will consist of the following:

- a) 'CHIN' hub: locus for adult community services such as district nursing and therapies; and/or children's and maternity services, such as health visiting – linked with Locality teams or similar service
- b) Potential locus for extended access, rapid response and intermediate care, including reablement
- c) Social care co-ordination
- d) Mental health services delivered in primary care settings:
  - Improving Access to Psychological Therapies (IAPT), particularly support for patients with long term physical health conditions
  - Depot injections
  - Other secondary care community team services e.g. psychiatric nursing, OT, psychology, social workers
  - Substance and alcohol misuse services
- e) Information Advice and Guidance services to address drivers of poor health including advice on housing, benefits, immigration

### **TIER 4: SPECIALIST CARE**

- Rapid access to diagnostics
- Greater access to secondary care: telecare, clinical advice and navigation, e-referral
- Consultant clinics and training opportunities

## Appendix C - Heads of Terms

### HEADS OF TERMS – WELBOURNE CENTRE

The heads of terms are set out in PART B of the main report.