

NOT FOR PUBLICATION

Appendix A to this report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Report to: **Executive**

Date: **18 July 2019**

Title: **Dartmouth Health and Wellbeing Hub Development**

Portfolio Area: **Strategic Assets – Cllr Hilary Bastone**

Wards Affected: **Dartmouth**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **After Call In
29 July 2019**

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Recommendations: That the Executive RESOLVES to:

1. Approve the project to deliver a Health and Wellbeing HUB in Dartmouth and associated business case in Appendix A.
2. Approve the borrowing identified in the business case under the delegation provided by the Commercial Investment Strategy.
3. Delegate to the Head of Assets Practice the authority to enter into leases (and associated legal agreements) associated with the project with a term longer than the delegated limit of 15 years.
4. Recognises the minimal impact that the proposals may have on total parking capacity in Dartmouth and instruct officers to bring forward proposals for consideration by local members to mitigate that loss.

1. Executive summary

- 1.1. Torbay and South Devon NHS Foundation Trust (the Trust) have been looking for a site to help deliver integrated healthcare and a sustainable GP practice for people in Dartmouth.
- 1.2. Following a previous attempt to co-locate with a care provider at the top of town that was not able to complete, the Trust

approached South Hams District Council (SHDC) with a proposal to use part of the Park & Ride car park overflow.

- 1.3. This report considers the relative merits of this proposal and asks for approval to deliver a key health facility in line with our Wellbeing and Enterprise themes.

2. Background

- 2.1. Following an informal update to the Executive in December 2018 (minute Ref E.62/18), whereby general support was given for the principle of a Health and Wellbeing Hub (H&W Hub) in Dartmouth, officers have been working with the Trust to move the project forward. A Memorandum of Agreement has been signed between the Council and the Trust and a Collaboration Agreement is being prepared.
- 2.2. These agreements would allow the Council to deliver the project utilising a pre tendered supply chain (companies that can work for the Council) that includes; The Trust, Morgan Sindall, Ashley House and Arcadis. This approach has been approved by our procurement and legal advisors.
- 2.3. The financial aspects of the project have now been defined and as such, the Council is in a position to decide if it would like to proceed with the development, which will cost approximately £4m.
- 2.4. The project is structured on the basis that the Council will provide land and finance, and the Trust will provide the development via the supply chain and then take a lease of the building. By working in partnership in this way, the Trust is able to secure a site for the facility and the Council can access competitive borrowing rates to fund the construction.
- 2.5. The project delivers against our core theme of Wellbeing, in so far as it aligns the current best practice of trying to locate health facilities alongside leisure facilities, such that preventative care measures can be best addressed. It also aligns with our Commercial Investment Strategy under the Enterprise theme.
- 2.6. The project would address the current capacity challenge and inflexible accommodation offer constraining the existing GP practice in the town centre and provide a facility for services from the now closed hospital and Dartmouth Clinic. In short, it would provide significant health care benefits to the population of Dartmouth and the surrounding parishes and help improve capacity for health care which is under strain.
- 2.7. The key outcomes for the project are therefore to provide:
 - 2.8. A modern GP facility with capacity to expand
 - 2.9. Space for the provision of services from the NHS Trust and;
 - 2.10. Dartmouth Caring (3rd sector- charity)
 - 2.11. Good access for the population of Dartmouth and the surrounding parishes including;

- 2.12. Convenient car parking for those travelling by car and the most convenient location for those using public transport.
- 2.13. The development would be located on the existing park and ride overflow site, which as it is a field, has a capacity of 120-130 cars (depending on how well they park). The proposed development would utilise about half of this space and the other half would become a formal car park, which as it will be formally laid out will be able to provide approx. 90 spaces.
- 2.14. It is anticipated that this car park would be available for both the H&W Hub and as a P&R overflow facility as the usage of each is broadly compatible.
- 2.15. The existing P&R car park is not utilised or impacted as part of this project.

3. Outcomes/outputs

- 3.1 Should the Executive support the principle, business case (in appendix A) and outcomes of this project, the next steps will be to enter into an agreement to lease with the NHS Trust. Following that the design phase can commence leading to a planning application.
- 3.2 The Council would pay for the construction of the facility and upon completion, the Trust's lease would commence in accordance with its terms, which include a length of 30 years.
- 3.3 Further details of the terms of the lease are contained in Appendix A as is the business case that it underpins.
- 3.4 The project timelines are only loosely defined at this stage, but it is anticipated that a planning application would be submitted in early 2020 and construction completed in 2021. The agreement to lease will set out a firm timeline for the project, but be subject to planning approval.
- 3.5 Success for this project will be defined by the delivery of a modern fit for purpose Health and Wellbeing Hub that will benefit the population of Dartmouth and the surrounding parishes.

4. Options available and consideration of risk

- 4.1 An alternative delivery option available to the Council would be to dispose of the site to the NHS Trust. Whilst this would ensure that the project could continue, it would not provide best value to the Council as it would not retain the land or generate a long term revenue income. Furthermore, it does not align with the adopted commercial strategy of investing in commercial projects to increase the portfolio. It is therefore not recommended by the Head of Assets Practice.
- 4.2 The risks that need consideration for the proposed course of action are as follows:
 - a. Loss of P&R overflow parking of about 30-40 spaces. There will be no impact to the coach parking or formal P&R parking capacity. It is not felt that weekend capacity would be

unduly affected as the H&W Hub would not have high demand during those periods and the car park would therefore be available. In accordance with recommendation 4 of this report, officers shall seek to mitigate the loss of parking identified and have already undertaken feasibility design work which suggests this is possible.

Increase in parking capacity in the town car parks and reduction in congestion. The existing health facilities in the town are significant trip generators and have no parking facilities. The public car parks that currently provide that parking will have a net increase in capacity which can be used by others. Locating the health hub on a bus route will also encourage public transport trips to the facility further increasing parking capacity.

- b. Parking income. The overflow park and ride generates approximately £20k-£30k a year. The car park that will serve the H&W Hub will also be a pay and display car park, and a suitable tariff will need to be derived that is compatible with the facility and the P&R. It is not anticipated that this income would be unduly effected, but it is a consideration.
- c. Development risk. As with all construction projects, risks exist which should they arise result in an increase in cost, delay in programme or both. The development risk in this project is felt to be quite low, but a budget contingency has been built into the business case as is best practice.
- d. Tenant default. The lease would be between the Trust and the Council, so the risk of tenant default is virtually zero, given it is government backed. The Trust would have sub-leases with the other tenants who may have a higher risk of default.
- e. Finance. The business case is based on an estimate of the interest rate for prudential borrowing at 2.5% and borrowing over the asset life of 50 years. Should the interest rate fluctuate between the date of the report and the borrowing being taken out, the business case would be affected positively or negatively. In reality, a conservative estimate has been used, such that it is more likely that the position set out will be improved upon.
- f. Project management and internal resource. Whilst the project will be essentially outsourced to a lean supply chain for delivery, there will still be an internal resource requirement from within Assets and legal. Due to the timing of this project aligning with those projects already approved in December 2018, a small budget has been included in the business case to ensure capacity is available to the Council to deliver the project.
- g. Procurement. The project will utilise the supply chain of the Trust, which has been appointed via an OJEU compliant procurement process. The Council will be able to utilise this

agreement as it has entered into a Collaboration Agreement with the Trust. As with any procurement, there can be a risk of challenge.

- h. The project is subject to gaining planning approval. Should planning not be granted, the costs incurred up to that point would have been spent at risk. These costs are not anticipated to be in excess of £250,000.

4.3 The risks set out above have been evaluated by the following officers:

Risk	Officer
a,c,d,f,h	Head of Assets Practice
b,	Head of Environment Services Practice & Head of Assets Practice
e	Section 151 Officer
g	External legal and procurement advisors

4.4 The project has been discussed with the Town Council, local Councillors and the Executive. Of the risks set out, the loss of overflow parking has consistently been identified as the major concern. Officers have worked up preliminary solutions to mitigate the parking loss, which will be worked up should the project be approved.

4.5 There are however clear benefits the project would bring and therefore the Executive will have to balance the relative merits of the project against this identified risk and those set out in 4.2 and 4.3 above.

5. Proposed Way Forward

5.1 That the Executive approves the recommendations set out in this report so as to deliver this key Wellbeing project and deliver much needed benefits to the community of Dartmouth and surrounding parishes.

5.2 Approval would result in the delivery of a key Wellbeing project for this authority, which does have a sustainable financial business case in line with the adopted Commercial Property Strategy. As such it also aligns and delivers against the core Council theme of Enterprise.

5.3 That officers continue to look for ways to mitigate the overflow parking loss, based on operational evidence of need where it is

viable and reasonable and shall consult the local members on these proposals.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>Appendix A to this report is Exempt from publication because it contains information about the Council's financial and proposed commercial affairs as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972.</p> <p>The public interest test has been applied and it is considered that the public interest lies in not disclosing Appendix A at this time because it contains financial and commercially sensitive information which could prejudice the Council if such information was disclosed at this time.</p> <p>These proposals are consistent with the Council's powers to borrow and invest under the Local Government Act 2003 and section 1 Localism Act 2011 (the general power of competence).</p> <p>Section 1 of the Local Government Act 2003 provides a power to the Council to borrow for the purposes of any enactment.</p> <p>There is an overriding duty toward prudent management of risk, and officers, including the Council's section 151 officer, owe a fiduciary duty in relation to given transactions.</p> <p>Any future development will be subject to the normal Council planning process and any decision by the Executive does not infer that planning permission for the proposed developments would be granted.</p> <p>The Council has powers to enter into collaboration arrangements with other public bodies pursuant to regulation 12 Public Contracts Regulations 2015. The Collaboration Agreement makes it clear that it is not an agreement for provision of services or works. The agreement and subsequent Agreement for Lease needs to be drafted in such a manner that ensures that the arrangement is one that is purely a land transaction as opposed to a development agreement with specific obligations on the [NHS] to undertake specific works or services. If structured in this manner, then, there are no procurement risks to the Council. The Council has further powers under Local Government Act 1972 and Localism Act 2011. The collaboration agreement will need to be reviewed in order to ensure compliance with regulation 12 Public Contracts Regulations 2015. The arrangement also needs to consider state aid implications. At the moment, there are no obvious and identifiable activity that state aid is engaged.</p>

Financial implications to include reference to value for money		<p>Borrowing decisions will be taken prudently in line with the Council's treasury management strategy and by officers within that function. The Council must confirm that the borrowing required is available and is proportional to the Council's financial situation.</p> <p>The full figures relating to expenditure and income are set out in exempt Appendix A.</p> <p>The borrowing must be within the agreed limits agreed by the Council at its meeting on 27 September 2018 (minute reference 30/18)</p>
Risk		The risks associated with this project are set out in section 4.1 of this report.
Supporting Corporate Strategy		Wellbeing & Enterprise
Comprehensive Impact Assessment Implications		
Equality and Diversity		The project will be designed such that it meets or exceeds current best practice in terms of accessibility.
Safeguarding		N/A
Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		There are strong positive impacts of this project aligned to Health and Wellbeing as set out in the report.
Other implications		N/A

Supporting Information

Appendices:

Exempt Appendix A: Business Case

Background Papers:

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Head of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes