

TO: THE EXECUTIVE
DATE: 17 DECEMBER 2019

Blue Mountain Community and Health Care Hub - Procurement Plan
Director: Place, Planning & Regeneration

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the progress of the Blue Mountain Community and Health Care Hub scheme and the supporting financial summary. The project is in partnership with the East Berkshire Clinical Commissioning Group (CCG). A decision is required to proceed to the next stage of the project, which includes completion of the heads of terms, appointment of a design team for completion of RIBA Stage 3 design and applying for planning permission. The CCG position on funding the health provision is summarised within the body of the report. A procurement plan tailored to the specific requirements of this project requires approval.

2. RECOMMENDATIONS

That the Executive:

- 2.1 Note the progress to date on the community centre and health & wellbeing hub in partnership with the Care Commissioning Group (CCG) and agree the timetable in paragraph 5.23.
- 2.2 Approve the community centre budget of up to £2.4m as per paragraph 5.10; the development cost of the health centre to be met by the CCG/NHS as noted in paragraph 5.11.
- 2.3 Agree to forward fund up to £4.6m (including ancillary costs as per paragraph 5.10), the capital costs of the Health part of the building, on the basis that the consequent capital financing costs will be matched by long term rental income from Health.
- 2.4 Approve the Procurement Plan (paragraph 5.25) for the community centre and health care hub in Appendix C (Restricted).

3 REASONS FOR RECOMMENDATION

- 3.1 The Blue Mountain programme consists of Binfield Learning Village all-through school for 1851 pupils (operated as King's Academy Binfield) and community centre required alongside 400 new homes at the Blue Mountain site. In the first phase, the Council has delivered the new school which opened in September 2018. The next phase requires the Council to deliver the community hub in line with the ongoing building of the new housing development being undertaken by a Bloor and Linden Homes partnership.
- 3.2 The development of the Blue Mountain site in accordance with the Site Allocation Local Plan has been previously approved through the Executive process, which included a full Council consultation. Planning Permission for the new all-through school and outline planning permission for the standalone community centre was granted in June 2016. Subsequently, the Council received the land from the former site owner on the basis that an all-through school and community centre will be delivered by the Council. The residential parcel of land was part of the same outline

planning permission, which was subsequently bought by Bloor Homes who are now building new homes in partnership with Linden Homes.

- 3.3 The forecast increase in the population of Binfield and the surrounding areas would require additional healthcare facilities for the local community. The Council is working in partnership with the East Berkshire Clinical Commissioning Group to develop a joint community and health & wellbeing centre. A joint centre will provide enhanced benefits to the local community. The scheme will also deliver a “one public estate objective” with BFC, CCG and primary care practices all sharing a facility which will be owned by BFC.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The proposed health and wellbeing centre is subject to NHS funding. If adequate funding is not provided, the health facility will not be affordable. In this event, the Council will revert to building a standalone community centre to meet the Council’s legal obligation, and meet the needs of the new community. At that stage, some redesigning of the scheme will be needed.

5 SUPPORTING INFORMATION

Background

Site Allocation Local Plan and Planning Permission

- 5.1 The Site Allocations Local Plan (SALP) policy SA7 requires the provision of an on-site multi- functional community centre. An outline planning permission was granted in 2016. A new planning application will be submitted in due course for the current proposal of a combined community centre with a health and wellbeing hub.

Community hub planning

- 5.2 The Council working in partnership with the CCG is keen to develop a shared community hub which will benefit the local community. The hub will be funded in part by the Council for the community centre and the NHS/CCG for the health provision, proportionately. The Council’s funding is subject to S106 receipts and the CCG funding is subject to a revenue-based rent payments.
- 5.3 A Memorandum of Understanding (MoU) was signed between the Council and the CCG to develop the RIBA Stage 2 design. The Council and CCG/NHS agreed to equally share the feasibility cost for developing the community centre and health care hub, which includes design and legal advice on initial Head of Terms (HoTs).
- 5.4 The Council and the CCG jointly appointed the architect (ADP) and their multi-disciplinary team to complete the RIBA Stage 2 design. The summary of the stakeholder visioning workshop completed in 2018 was included as a briefing document for the architect. This design and cost developed through this appointment was included in the CCG's submission of the Outline Business Case (OBC) to NHS for seeking funding of the scheme.
- 5.5 The District Valuer has also been jointly appointed between BFC and the CCG NHS England (on behalf of the CCG).

RIBA Stage 2 Design: co-located community centre and health care hub

5.6 ADP's design is included in Appendix A. The key elements are summarised below:

- Community Centre consists of a hall, multi-use room, foyer, kitchen, stores, office, toilets and a nursery located on the ground floor.
- Health provision comprises of waiting area, treatment and consulting rooms, meeting rooms, administrative rooms, toilets, stores, stairs and lifts are located on the ground and first floors.
- Both, the community centre and the health provision will share (in different proportions) the foyer, multi-use room, a meeting room, toilets (in the foyer area), and plant.
- The total area of the building is 1562m² of which the split (including shared areas) is 502.44m² for the community centre and 1059.56m² for the health & wellbeing facility.

5.7 Parking: the total parking requirement for the size of this proposed hub is as follows:

Health	39 spaces
Community Centre	32 spaces
Total Spaces Required	71 spaces

5.8 ADP's design allows an increased number of parking spaces within the site boundary, ranging between 42 and 48 spaces. This would not provide enough parking on site. There will also be spaces available on a sharing basis in the secondary drop-off car park of the school, however, as the school reaches full capacity, these spaces will be used by school visitors and post-16 pupils.

5.9 The Council is negotiating a land deal with Golf Entertainment Limited (GEL) and Kings' Academy Binfield, which will allow up to 35 additional parking spaces on the golf driving range land adjacent to Wood Lane (subject to planning permission).

Main Car Park	48 spaces
Golf Car Park (subject to agreement)	23 spaces (maximum up to 35)
Total Spaces	71 spaces

5.10 Scheme Costs: the RIBA Stage 2 works cost plan prepared by ADP's and further moderated by an independent cost consultant (Modus) is summarised below. It is prudent to make an allowance for ancillary costs such as project management, service charge modelling, legal fees, and client contingency i.e. a total budget of £6.8m. The Council will fund a maximum of £2.4m for the community centre; the health centre will be funded by the CCG/NHS.

Description	Cost
Community Centre	£2.084m
Health Provision	£4.396m
Ancillary costs (apportionment to be agreed)	£0.32m
Total Costs* (excluding VAT)	£6.8m

*based on start on site Q3, 2020

- 5.11 The estimated RIBA stage 2 works cost of the health centre is c. £4.396m. The CCG is interested in seeking £1.8m as an upfront NHS contribution as part of the Estates and Technology Transformation Fund (ETTF). However, the indication from the NHS team is that the ETTF is fully committed to other schemes. The CCG is very keen on this scheme in order to adequately support the rising population in the area and is agreeable to fund its cost in the scheme on a revenue only basis (rental based) subject to its governing body sign off (expected in December 2019). In parallel, the CCG will continue to seek ETTF/other sources of capital from NHS which will reduce the revenue costs.

District Valuer's Report

- 5.12 The Principal District Valuer (DV) reviewed the latest cost plan, gross/net internal areas and the capital requirements. In the latest review completed in October 2019, the DV looked at the valuation based on comparable evidence of reasonable market rent and the rent required to cover the capital cost (including abnormal costs). Both options included revenue only (i.e. the Council provides all the capital) and part-capital contribution from NHS (i.e. NHS provides £1.8m upfront capital).
- 5.13 The DV's report assessed the payback period over 25-year and 40-year periods as value for money. Based on all capital invested by the Council (by way of prudential borrowing), a 25-year rental payment of £308k p.a (borrowing cost £308k p.a.) and 40-year rental payment of £236k p.a. (borrowing cost £236k p.a.) These options assume the CCG/NHS will have a long-term occupation of the building with the payment of the rent throughout the loan period and thereafter convert to a peppercorn rent. Any changes to the floor areas, lease terms or loan amount will impact the figures proposed and be dependent upon revision of the final confirmation.
- 5.14 VAT: the proposal is for the Council to develop the capital scheme and then lease the premises to an appointed Surgery for delivering health care. Hence, the assumption is that VAT on the capital build will be fully recoverable. The funding contribution from the NHS is expected to be provided as an S2 transfer.

Community Centre Funding

- 5.15 The community centre funding will be made up of S106 income up to a maximum of £2.4m. This funding is subject to the identified developments being constructed in line with the envisaged timetable.
- 5.16 The estimated realisable income from S106 may not align with the cashflow required for the project. Hence, the majority of the estimated S106 funding will need to be forward spent by the Council and adjusted once the income has been realised.

Community Centre Operator

- 5.17 In line with the Executive decision in 2014, the Council's preference is for Binfield Parish Council to operate the community centre under a long lease. A presentation to

the Parish Council was made on 13 August 2019 for updating them on the key features of the current ADP scheme. If the Parish Council were to opt as a provider, we will work with them to develop the design in the next stage.

5.18 In case the Parish Council does not want to be a provider of the community centre, we will explore other options:

- Leased to and managed by a third-party organisation (e.g. a church group, a Charitable Incorporated Organisation, a charitable company or a Community Interest Company - a non-charitable limited company). A CIO, a charitable company and a CIC are corporate bodies, so generally, its trustees/members aren't personally liable for what it does.
- Leased to a charitable community association - a community association is an unincorporated body, so the trustees are personally liable for what it does but such unincorporated associations are advised to obtain charitable status, as there are various advantages, including the general principle that trustees have a right of indemnity from the trust fund for liabilities that they incur as trustees, provided that they have acted properly and within the scope of their powers.
- Manage the community facility in-house. The Council currently only manages one community centre in-house, which is Coopers Hill. A feasibility would need to be undertaken to assess the viability.

5.19 Please refer to Appendix B for details of the options. Further review of the provider model will be undertaken at the next stage.

Ownership, Rent and Service Charge

5.20 The Council will retain the freehold of the site and building. Upon completion of the building the primary care providers will enter an initial 25-year/40-year (options to be agreed) lease and will negotiate occupancy under a continued lease (of right) for the full useful and compliant life of the building.

5.21 The CCG will be responsible for payment to the primary care provider for the amounts agreed by the DV in respect of rent and rates due for the delivery of the GMS contract under the Premises Cost Directions.

The direct running costs of the building will be the responsibility of the primary care provider. The maintenance and upkeep for the shared areas of the building and the site will be managed by the Council and the cost (Service Charge) will be paid proportionally by the primary care provider and the occupier of the community facility; an indication of the projected operating costs will be provided to the practice by the CCG/BFC.

5.22 ADP has provided cost of utility and lifecycle costs (Appendix A), which will be jointly reviewed with the CCG in the coming period.

Timetable

5.23 The outline project plan is summarised below:

	MILESTONE	DATE
1.	RIBA Stage 2 Design	July 2019 (complete)
2.	CCG Governing Body approval (revenue scheme)	December 2019
3.	Council Executive approval (Procurement Plan)	December 2019

4.	Procure Demolition Contractor	Nov to Jan 2019
5.	Procure design team and contractor RIBA 3*	January 2020
6.	Demolition of the existing clubhouse building	Feb to Mar 2020
7.	Submit planning application	end March 2020
8.	Secure planning permission	June 2020
9.	Contractor's proposals/price	mid-June 2020
10.	Agreement to Lease (CCG/NHS)	June 2020
11.	Commence Construction	August 2020
12.	Completion	Sept/Oct 2021

* The Council will have full ability to exit the contract with an appointed contractor at the end of Phase 1 Pre-Construction Services - RIBA Stage 3 and Planning Permission without having to enter the contractual works stage (Phase 2 Main Works).

Procurement - Design and Construction

- 5.24 The Council will act as the developer of the new hub. It will let the contract for the construction of the located Community Centre and Health Care hub in two stages: phase 1 – pre-construction services for the design and planning application and phase 2 -the main works stage. In order to deliver as per the outline timetable, it is preferred that an OJEU compliant framework is selected as per the procurement plan (Appendix C). As mentioned in the procurement plan, the delivery team will also consider the use of an OJEU compliant Restricted Tender Procedure if timescale were to allow.
- 5.25 For the adjacent site at Binfield Learning Village, the Council procured the contractor via the Improvement Efficiency South East (IESE) framework. This project realised good value for money and timely delivery. Using the new generation of the IESE framework now called Southern Construction Framework or similar frameworks such as Scape is likely to provide a quick delivery route along with a high degree of control on design and cost. This will be achieved by developing a robust specification and active project management controls.

Conclusion

- 5.26 In summary, the co-located community centre and health care hub is expected to provide community wide benefits to the increasing population of Binfield. The scheme has the support the East Berkshire CCG. The funding model for the project is based on multi-stakeholder contribution including Bracknell Forest Council, CCG and possibly NHS. Health care funding is dependent upon approval of the CCG's revenue based model by its governing body.
- 5.27 The timetable has very little contingency, hence a focused and well managed delivery is essential. The Council will retain the freehold rights to the land and building and will receive part rent from the CCG/NHS. Both the rent and the service charge model need to be further assessed by the respective parties

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Council's Contract Standing Orders provide that decisions to award contracts in excess of £1 million should be taken by the full Executive.
- 6.2 The deed of variation to the land transfer expanded the land use, to include medical/ health if it is not for profit, in addition to the original use for the community centre. Careful advice will need to be sought on the structure of the ownership and lease arrangements.

Borough Treasurer

- 6.3 The capital requirement will have a cost to the Council, however the exact amount will depend upon the financing of the overall project - which the Council will minimise by the effective use of capital resources (capital receipts, CIL/S106 and borrowing) as part of its overall Treasury Management strategy. Should the Council need to borrow to finance the expenditure every £1m of borrowing will have an approximate revenue impact of £50,000 p.a.

Head of Procurement

- 6.4 Head of Procurement comments have been incorporated. If the Council uses the advertised tender route rather than the framework route, the advertising will need to cover the full community and health option and the contingency option of just the community centre if this is still unresolved.

Equalities Impact Assessment

- 6.5 The new facilities will be designed and built to comply with current British Standards for accessibility for disabled people.

Strategic Risk Management

- 6.6 There are several dependencies and risks that are being closely monitored and managed but may adversely affect the cost and programme. The strategic risks to the project are as follows:

Strategic Risks

ISSUE		RISK	COMMENT
1	Affordability Risk	High	<ul style="list-style-type: none">a. Health care provision in the community hub is dependent upon CCG's governing body approval/NHS funding. If the funding will not be available then only the community centre could be provided to meet the Council's obligation.b. S106 receipts required for the construction of the community centre may not materialise as expected, which will create a cashflow issue.c. Rent modelling will need to be formally agreed with the DV, CCG and NHS.d. Service charge modelling will need to be completed and gain stakeholder agreement.
2	Cost Risk	High	<ul style="list-style-type: none">a. The overall scheme is at RIBA Stage 2 design; hence cost could shift upwards through design, planning and delivery stages. The budget includes a contingency and allowance for inflation.b. Utility companies e.g. Thames Water may require upgrading to their networks and seek such cost from the scheme.c. Below ground and demolition risks e.g. asbestos, unknown utilities, etc. could delay the programme and increase cost. Contingency is being

			recommended to cover unknown risk and for fast-tracking the construction programme if required. d. Construction contract will not be awarded unless it can be delivered within the available resources. Risk will remain in terms of site unknowns.
3	Programme Risk	Medium	a. The programme has several external dependencies, hence, may slip. b. Legal agreements between all stakeholders will need to be completed.
4	Planning Risk	Medium	Full planning protocols will be adhered to including pre-application advice. Parking spaces will form a key consideration in the process.
5	Reputational Risk	Medium	The Council has liaised with the stakeholders to develop a co-located scheme. Information has been shared with the stakeholders. With several external dependencies, such as NHS funding, the scheme may not be viable, in which case, the Council will endeavour to deliver a standalone community facility in keeping with the timetable stated in the report.
6	Communications Risk	Medium	As this is a multi-stakeholder project, a communications plan will be developed to support proper stakeholder engagement and a unified implementation strategy.
7	Contractor/Supplier Capability Risk	Medium	Optimum procurement route will be selected for the programme.
8	Legal Risk	Medium	Timetable will need to be managed for any planning permission related judicial review process. Approval from the Secretary of State may be necessary for long term lease arrangements.

7 CONSULTATION

7.1 At the relevant stages of the project consultation will be undertaken including planning application consultation.

Background Information

- ADP RIBA Stage 2 Design and Modus Cost Plan
- DV's report

Contacts for further information

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