

Bolton Council

| | | | |
|------------------------------|--|--------------------------|---------------------------|
| Report to: | Executive Cabinet Member Regeneration | | |
| Date of meeting: | 22 nd March 2023 | | |
| Report of: | Director of Corporate Resources | Report Number: | 42956 |
| Reporting Officer: | Paul Whittingham, Assistant Director Economic Development and Regeneration | Telephone Number: | 01204 336042 |
| Contact Officer: | Phil Lamb - Principal Project Officer Phil Mulroney – Client Services Manager | Telephone number | 336136 07385 492524 |
| Report title: | Horwich Health Hub | | |
| Non-Confidential | | | |
| Purpose: | To provide an update in relation to major changes since the previous site disposal approval in April 2021. | | |
| Recommendations: | <p>The Executive Cabinet Member is recommended to:</p> <ol style="list-style-type: none"> 1) Approve the disposal at an undervalue of £432,000 of sufficient land via a long lease, within the red edge site plan in Appendix 2 to enable development of the proposed Horwich Health Hub as set out in this report. 2) Authorise the Director of Corporate Resources in consultation with the Executive Cabinet Member, Regeneration, to negotiate and conclude terms. 3) Approve the procurement of construction of the car park via the existing Highways Framework or via the Health Hub developer. 4) Authorise the Borough Solicitor to complete all legal formalities. | | |
| Decision: | | | |
| Background documents: | <p>Report to Executive Cabinet Member Deputy Leader's Portfolio dated 27th April 2021 entitled 'Disposal/Long Lease - Land @ Former Horwich Leisure Centre</p> <p>Report to Executive Cabinet Member Regeneration dated 29th November 2022 entitled 'Horwich Health Centre Hub Car Park'</p> | | |
| Signed: | Leader/Executive Cabinet Member | Monitoring Officer | |
| Date: | | | |

| Consultation with other officers | | | |
|--|---------------------------|----------|-------------------|
| Finance | Yes | 10/03/23 | David Shepherd |
| Legal | Yes | 14/03/23 | Louise McGuinness |
| HR | No | | |
| Procurement | No | | |
| Information Governance | Yes | 09/03/23 | Patricia Ashcroft |
| Climate Change | Yes | 10/03/02 | Nicola Farrell |
| Equality Impact Assessment | Yes | 09/03/23 | Tammy Tatman |
| (a) Pre-consultation reports Is there a need to consult on the proposals? | | No | |
| (b) Post consultation reports Please confirm that the consultation response has been taken into consideration in making the recommendations. | | N/A | |
| Vision outcomes Please identify the appropriate Vision outcome(s) that this report relates or contributes to by putting a cross in the relevant box. | 1. Start Well | | x |
| | 2. Live Well | | x |
| | 3. Age Well | | x |
| | 4. Prosperous | | x |
| | 5. Clean and Green | | x |
| | 6. Strong and Distinctive | | x |

1. INTRODUCTION & BACKGROUND

- 1.1 On 27th April 2021 the Executive Cabinet Member, Deputy Leader's Portfolio, approved a report to dispose of land at the former Horwich Leisure Centre (shown at Appendix 2) and to grant a lease to two local surgeries to facilitate a new Horwich Health Hub. However, since this approval a number of changes have occurred that mean the previous approval and authority needs to be updated to reflect the current legal arrangements set up by the NHS, former CCG and ICB. Consequently, a new approval is required having taken all changes into account.

2 ISSUES

- 2.1 The key changes, which are examined in more detail within this report, can be summarised as:
- A change in the leaseholder and subsequent sub lessee.
 - An undervalue of £432k.
 - Revised draft Heads of Terms have yet to be agreed.
 - Lack of agreement from the council in relation to utility connections across our land.
 - The developer is refusing to enter into a grant funding agreement that has implications on the construction of the Council portion of the car park.
 - Whether the deal is in the best financial interests of the council.
 - The potential loss of £5.4 million grant monies to facilitate the development.

The Disposal/Lease

- 2.2 The April 2021 ECM approval envisaged the disposal of the land to the Pikes View Medical Centre and Bolton Community Practice, with both of these parties entering into a Limited Liability Partnership (LLP). The LLP would enter into a 150 years Building Lease of the development site from Bolton Council (Freeholder) and thus have ownership of the Horwich Health and Wellbeing Hub building. However, following the procurement exercise run by the Greater Manchester Integrated Care Partnership, the developer, United Healthcare Developments Ltd (UHDL), will now seek to take a 150 year lease then sub-let the land and premises to the two GPs and a dispensing chemist.
- 2.3 A copy of the current lease plan can be found in Appendix 3 but this is subject to change dependent on further negotiation in relation to access over the council's retained land and details are yet to be finalised. The area of land subject to the 150 year lease is edged red, but it is subject to change.

Undervalue

- 2.4 To assist with the April 2021 ECM report a residual land valuation was undertaken that led to the agreement of a purchase price of £255,000. A revised valuation was required to be carried out due to passage of time and in accordance with the SAMP policy, this was done on the 31st January 2023 in accordance with RICS Valuation – Global Standards effective 31st January 2022, reports specifically on market value of the land on the basis of a 150 year lease at a peppercorn rental and reports a market value figure of £765,000 on an assumed restricted use of the land in accordance with the planning consent.
- 2.5 This updated valuation has led the developer to increase their offer to £333,000, which gives rise to an undervalue of £432,000.

2.6 The council is seeking to dispose of its land interests under Section 123 of the Local Government Act 1972. Further guidance on land disposal at less than best consideration is given in Circular 06/03 General Disposal Consent (England) 2003. This circular gives authority to the council to dispose of its land at less than best consideration if the land contributes to one or more of the following objectives: in respect of the whole or any part of its area, or of all or any persons resident or present in its area.

- i. The promotion or improvement of economic wellbeing
- ii. The promotion or improvement of social wellbeing
- iii. The promotion or improvement of environmental wellbeing

and the difference between the unrestricted value of the land to be disposed of and a consideration for the disposal does not exceed £2m.

2.7 In accordance with our own Disposal Policy and the Local Government Act 1972, the council is obliged to obtain the best consideration that can be reasonably be obtained when disposing of land and property. In considering the proposed development of this land the council has considered the economic, social and environmental benefits for the area. Consideration is not limited to the market value or purchase price, it may also include disposal terms which have an identifiable commercial value to the council and community, but this should be converted to measurable value for the purpose of establishing what is the best consideration.

2.8 In assessing how the proposal meets each of the three objectives consideration can be given to the following:

The promotion or improvement of economic wellbeing; the full business case and the report highlights that there would be job creation as a result of combining the two GPs and creating complementary services to be provided and greater use of the Leisure Centre. The council's Business Rates section has estimated the delivery of the Health Centre will result in economic benefits to the council with business rates currently assumed to be in excess of £250k pa.

The promotion or improvement of social well-being; the full business case identifies that the GPs are either in poor accommodation or with leases that are expiring and the need to support increasing numbers of residents, provide additional services to residents and allow for social prescribing. The full benefits are set out in section 3 of the full business case. In addition it has been evidenced that the delivery of a Health Hub of this scale via a private sector contractor will deliver between £400k-£500k of direct and indirect social value. This is made up of training and apprenticeships and support to charities which is required as part of the construction contract.

The promotion or improvement of environmental wellbeing; the requirement via planning is that the Health Centre is built to BREEAM Very Good but the building will be built to Net Zero, which is a higher standard and will cost more to build.

2.9 External advice has been sought to place a measurable value on the economic, social and environment benefits that will be brought about and that in effect can be offset against the undervalue. The economic benefits have been calculated at £4.8 million per annum with the social value benefits associated with the construction of the project likely to result in £590k per annum. This advice can be found at Appendix 4

2.10 Based on this, the value to the council from the wider economic and social benefits far outweigh the undervalue of the site. By taking the decision to dispose of the site and support the development of

the Horwich Health hub, the council is operating with full consideration of both financial and economic factors.

2.11 In order to protect the council's interest any disposal will be backed up with a Buy Back agreement giving the council the right to buy back the lease at a price to be agreed, which will be subject to Stamp Duty Land Tax (SDLT) and any VAT implications. This option can be exercised in the following circumstances:

- The developer has not commenced works within 12 months of exercise of the option.
- The developer has not completed works by an agreed longstop date which is still to be determined.

2.12 The full details of the buyback agreement have yet to be concluded and therefore the financial exposure and extent of the risk to the council cannot be confirmed at this stage.

Revised Heads of Terms

2.13 As a result of the increased developer offer, revised Heads of Terms have been drafted but these have yet to be agreed.

Route of Utility Services and Diversions

2.14 The lessee wants the right to connect into services on the council retained land until they have checked available capacity from mains services. There is no requirement for a gas connection. It is believed this is because the developer/lessee has not conducted due diligence on current availability/capacity from the substation and mains connections. Until we are satisfied that due diligence has been undertaken, we are unable to agree to this request, and this is currently under negotiation. This will require careful consideration given the close proximity of the adjoining leisure centre. The utility assets at the adjoining leisure centre must not be affected by the proposed development and there is a risk to the Council if these existing assets cannot be adequately protected and are shared with the adjoining development as at this stage capacities have not been checked by the developer. This is a risk which cannot currently be assessed and/or quantified. These negotiations and lack of assessment of service media could hinder the conclusion of any onsite works and the ability to conclude terms within NHS Funding deadlines.

Developer's Refusal for a Grant Funding Agreement

2.15 In November 2022 the Executive Cabinet Member will recall approving a report that sought additional funding from District Centres monies for the construction of the car park on the basis that UHDL would construct it. However, UHDL is currently refusing to enter into a Grant Funding Agreement with the council permitting the funds to be transferred to them for the purposes of constructing the car park. If agreement cannot be reached the Executive Cabinet Member is requested to approve use of the council's existing Highways Framework to procure the construction of the car park. This concern may well be overcome as part of the current discussions however all authorities to be in place including options for delivery of the car park.

Potential Loss of Grant Funding

2.16 A pressing concern is the potential loss of £5.4 million of grant funding secured from the Greater Manchester Integrated Care Board. We have very recently been informed by GM that unless the lease arrangements are completed by 31st March 2023, thereby enabling the developer to spend or

commit £2 million by this date, the grant funding will fall away and cause irreparable damage to the council's reputation and put at risk the future success of any funding bids. Therefore, in light of the potential loss of NHS grant funding at the end of March, there is insufficient time by then to pursue further and detailed negotiations at this present time to address the risks noted above in section 2.11 about the Buy Back provision and in section 2.14 regarding the routing of utility ser and capacities. However, on balance these risks must be weighed against the loss of grant funding that would otherwise occur.

3. OPTIONS

Option 1 - Do nothing

3.1 If no action is taken in relation to the disposal of the site the following risks/failures have been identified:

- It would fail to improve the quality of patient facilities and services.
- It would not facilitate the delivery of an increasing proportion of services from primary and community services in an integrated manner.
- It would fail to facilitate local health services, which would otherwise provide a seamless access route for primary and community healthcare services.
- It would not deliver the Integrated Care Partnership's requirement to deliver fully integrated care across Bolton's health and social care services.
- It would not fit with the Integrated Care Partnership's strategic plan or the wider health economic strategy.
- The anticipated growth in the population of Horwich over the next five years cannot be supported by current health facilities.
- The potential loss of £5.4 million of funding for the development.

Option 2 - Dispose of the site on a long lease retaining the freehold

3.2 Despite the risks referred to in respect of the buyback and utilities connections, this is the recommended option as it not only secures government funding to provide a core public service via the Horwich Health Hub but secures the promotion or improvement of the economic, social or environmental well-being of the area. In recommending this option we avoid the failure of this highly significant and long term priority for the council and its partners, and the people we are jointly here to serve.

4. IMPACTS AND IMPLICATIONS

Financial

4.1 The revised valuation for disposal of the land under a long term lease has increased since the previous authority for disposal. This brings to the Council additional funding which remains earmarked to fund construction of the car park. Whilst construction of the health and leisure parking facilities by the heath centre developer under a grant funding agreement was seen as the preferred Council option, the Council will be able to go ahead and procure construction of their own share of the parking facilities with the funding agreed in previous reports.

Legal

- 4.2 The legal implications in relation to the disposal of council owned land has been considered within section 3 of this report.
- 4.3 Legal advice is that the difference between the unrestricted value of the land to be disposed of and a consideration for the disposal does not exceed £2m. Consequently, it is considered that Secretary of State approval is not required in this instance.

HR

- 4.4 None.

Climate Change

- 4.5 Issues associated with the impact of the future health hub on climate change will be considered as part of the construction process. The requirement via planning is that the Health Centre is built to BREEAM Very Good but the building will be built to Net Zero which is higher standard and will cost more to build.

Information Governance

- 4.6 None.

Other

- 4.7 None.

5. EQUALITY IMPACT ASSESSMENT (EIA)

- 5.1 Under the Equality Act 2010, the council has a general duty to have due regard to the need to:
1. **Eliminate unlawful discrimination**, harassment, victimisation and any other conduct prohibited by the Act.
 2. **Advance equality of opportunity** between people who share a protected characteristic and people who do not share it.
 3. **Foster good relations** between people who share a protected characteristic and people who do not share it.
- 5.2 It is important to consider how the proposals contained within this report may impact positively or negatively on protected characteristics. It has been determined that the proposal to dispose of land (previously used as a leisure centre), in order to create a new multi-functional community facility, will not have a differential impact on any of Bolton's diversity groups, including staff. A full EIA is therefore not required at this stage. The EIA screening can be found in Appendix 1.

6. CONSULTATION

- 6.1 None.

7. VISION 2030

7.1 The Bolton 2030 Vision is summarised as follows:

“Bolton will be a vibrant place, built on strong cohesive communities, successful businesses and healthy residents”.

7.2. The proposals contained within this report are focused on the delivery of the Bolton 2030 Vision and will contribute to the delivery of the outcomes set out in the Vision 2030.

8. RECOMMENDATIONS

8.1 The Executive Cabinet Member is recommended to:

- 1) Approve the disposal at an undervalue of £432,000 of sufficient land via a long lease, within the red edge site plan in Appendix 2 to enable development of the proposed Horwich Health Hub as set out in this report.
- 2) Authorise the Director of Corporate Resources in consultation with the Executive Cabinet Member Regeneration, to negotiate and conclude terms.
- 3) Approve the procurement of construction of the car park via the existing Highways Framework or via the Health Hub developer
- 4) Authorise the Borough Solicitor to complete all legal formalities.

Equality Impact Assessment - Screening

| |
|-------------------------------------|
| Title of report or proposal: |
| Horwich Health Hub |

| | |
|---------------------|----------------------------|
| Directorate: | Corporate Resources |
| Section: | Regeneration |
| Date: | 9 th March 2023 |

Public sector bodies need to be able to evidence that they have given due regard to the impact and potential impact on all people with 'protected characteristics' in shaping policy, in delivering services, and in relation to their own employees.

Under the Equality Act 2010, the council has a general duty to have due regard to the need to:

1. **Eliminate unlawful discrimination**, harassment, victimisation and any other conduct prohibited by the Act.
2. **Advance equality of opportunity** between people who share a protected characteristic and people who do not share it.
3. **Foster good relations** between people who share a protected characteristic and people who do not share it.

By completing the following questions, the three parts of the equality duty will be consciously considered as part of the decision-making process.

1. **Describe in summary the aims, objectives and purpose of the proposal, including desired outcomes.**

To seek approval to dispose of land at the former Horwich Leisure Centre and to grant a lease to two local surgeries to facilitate a new Horwich Health Hub.

2. **Is this a new policy / function / service or review of existing one?**

New delivery model.

3. **Who are the main stakeholders in relation to the proposal?**

Residents, service users, GP surgeries.

4. In summary, what are the anticipated (positive or negative) impacts of the proposal?

The previous leisure centre was dated and under used and now replaced. The proposals within this report will create a new, multi-purpose community health hub, incorporating two GP surgeries, other NHS patient support functions e.g., physio and general leisure facilities. The wellbeing of residents, patients and customers will be significantly enhanced, as all health services will be located in one, central area, instead of scattered over a 3-mile radius.

5. What, if any, cumulative impact could the proposal have?

None.

This EIA form and report has been checked and countersigned by the Directorate Equalities Officer before proceeding to the Executive Cabinet Member.

Please confirm the outcome of this EIA:

| | |
|--|--|
| No major impact identified, therefore no major changes required – proceed | <input checked="checked" type="checkbox"/> |
| Adjustments to remove barriers / promote equality (mitigate impact) have been identified – proceed | <input type="checkbox"/> |
| Positive impact for one or more groups justified on the grounds of promoting equality - proceed | <input type="checkbox"/> |
| Continue despite having identified potential for adverse impact/missed opportunities for promoting equality – this requires a strong justification | <input type="checkbox"/> |
| The EIA identifies actual or potential unlawful discrimination - stop and rethink | <input type="checkbox"/> |

Contact Officer

Name: Phil Lamb - Principal Project Officer

Date: 9th March 2023

Directorate Equalities Lead Officer

Name: Tammy Tatman – Policy & Projects Manager

Date: 9th March 2023

Appendix 2

Council Land Ownership

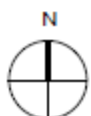
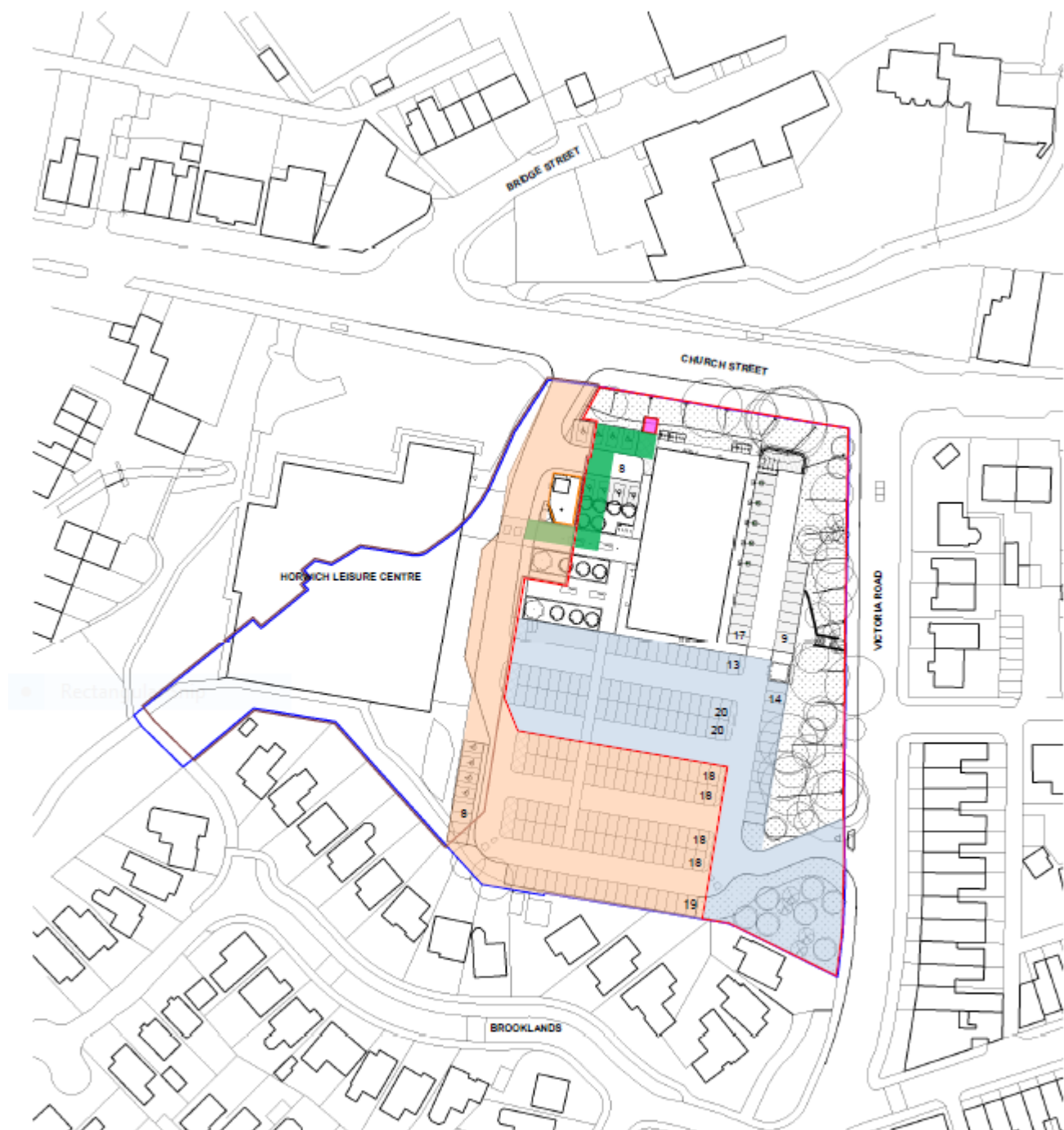


Appendix 3

Lease Plan (excludes an area of land subject to a restriction for the benefit of Sport England)

Horwich Health & Wellbeing Hub

Lease Plan



Scale @ A4 1:1250

0m 25m 50m 75m

- | | |
|-------------------------|-------------------------------------|
| Reserved rights to BC | Bolton Council Ownership Boundary |
| Reserved rights to UHD | Telecoms Lease Outline |
| Easement for ENW & UKPD | Sports England Restrictive Covenant |
| ENW Substation Lease | |
- Car Park Spaces
100 - UHD
100 - BC

Appendix 4

Economic and Social Value Benefits

Horwich Health and Wellbeing Hub, Bolton



Savills have been commissioned by Bolton Council to undertake an economic benefit assessment of the proposed development of Horwich Health and Wellbeing Hub, Bolton.

The Horwich Health and Wellbeing Hub proposal is led by two of the three GP practices in Horwich: Pike View Medical Centre and Bolton Community Practice, in collaboration with Royal Bolton Hospital Foundation Trust Community Services.

The council has authority to dispose of the land at Horwich in order to bring forward the New health and wellbeing centre

Savills have been appointed to provide economic advice and estimation of the economic, social and environmental benefits that can be derived by disposing of the site and developing as planned.

This infographic summarises the findings.



The Site



The Site is situated in Horwich on a currently vacant brownfield site along Church Street.

The development will be situated immediately adjacent to the New Horwich Leisure Centre providing huge opportunities for the collaboration of health, wellness and leisure services for the benefit of the people of Horwich.

Proposal

The development is to be a 3 storey medical centre extending to a gross area of 2823 sq.m. in total with 103 car parking spaces.

The new Hub would provide the flexibility for multiple services to operate within the same space combining innovative IT with practical working spaces and clinical space for the treatment of patients.

Patients will receive improved and responsive care closer to home from a combined medical team. The increased capacity and size will allow the seven-day provision of services from primary care, community services and volunteer agencies all on one site. The co-location of the practices will enable the delivery of a much wider range of integrated services delivered by a wider range of healthcare professionals including, but not limited to:

- Health Visiting;
- Mental Health Services;
- Occupational Therapy;
- Midwifery;
- Podiatry;
- Speech and Language Therapy;
- Physiotherapy;
- Specialist Nursing;
- Immunisations;
- Dietetics;
- Sexual Health; and
- Social Prescribing

The location would provide an opportunity to enable practices and services to work together with community, mental health, social care, pharmacy, hospital and voluntary services alongside wellness and leisure services in the community.

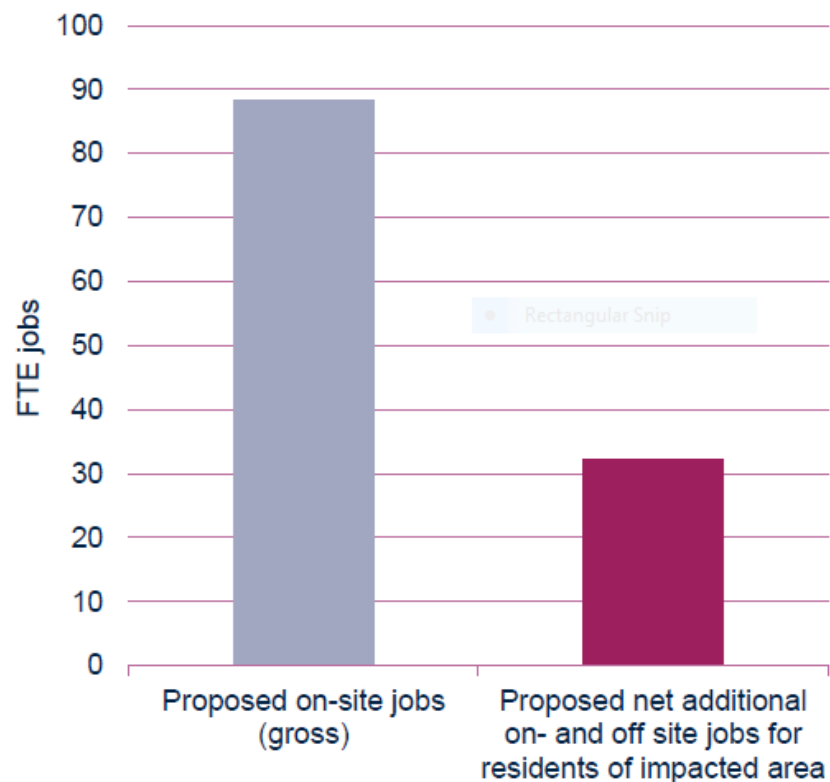
The figures presented in this infographic are based on our understanding of the schemes and a range of assumptions. Estimates of benefits are subject to uncertainties. Our assumptions and calculations are based on good practice, guidance and available data. We estimate that actual impacts are likely to be in a range of +/-20% of figures given.

Employment Benefits

savills

Employment Benefits

Our analysis suggests that the employment benefits, resulting from the proposed development are **70 net additional construction jobs** per annum over the 1 year construction period, **88 gross on site jobs** with being **32 net additional jobs** for the local area.



EMPLOYMENT FLOORSPACE

2,824m²

Gross Internal Floorspace including the Health Hub and Pharmacy



CONSTRUCTION COST

£4.5m



CONSTRUCTION EMPLOYMENT

70

Average construction jobs per year

Estimates include off-site jobs in the region



ON SITE OPERATIONAL EMPLOYMENT

88

SUPPLY CHAIN JOBS

In the North West

16

NET ADDITIONAL EMPLOYMENT IN THE LOCAL AREA

32

Net increase in employment in Bolton.

NET ADDITIONAL EMPLOYMENT IN THE WIDER AREA

104

Net increase in employment in the North West

*Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Economic Benefits

Economic Benefits

This slide sets out the economic benefits, resulting from the proposal, overall the benefits associated with the development could reach up to **£1.9 million GVA** per annum, **£0.9 million in additional visitor spending** per annum and around **£2 million per annum in outpatient savings**.



GVA

Associated with the number of direct onsite jobs (per annum)

£1.9 Million



VISITOR EXPENDITURE

Associated with the additional number of visitors that use the Health Hub and spend locally

£900k



OUTPATIENT SAVINGS

Associated with the improved access to secondary care, avoiding the need for outpatient follow ups

£2 Million

Public Sector Revenue

Public Sector Revenue from business rates over 20 years period (2026-2042) is estimated to be **£1.7m (NPV*)**.

The current business rates associated with the GPs that will relocate into the Horwich Health Hub have not been discounted against the overall business rate figure. It is anticipated that the vacated business locations could be reused for other commercial enterprises and so business rates could observe a net additional increase.

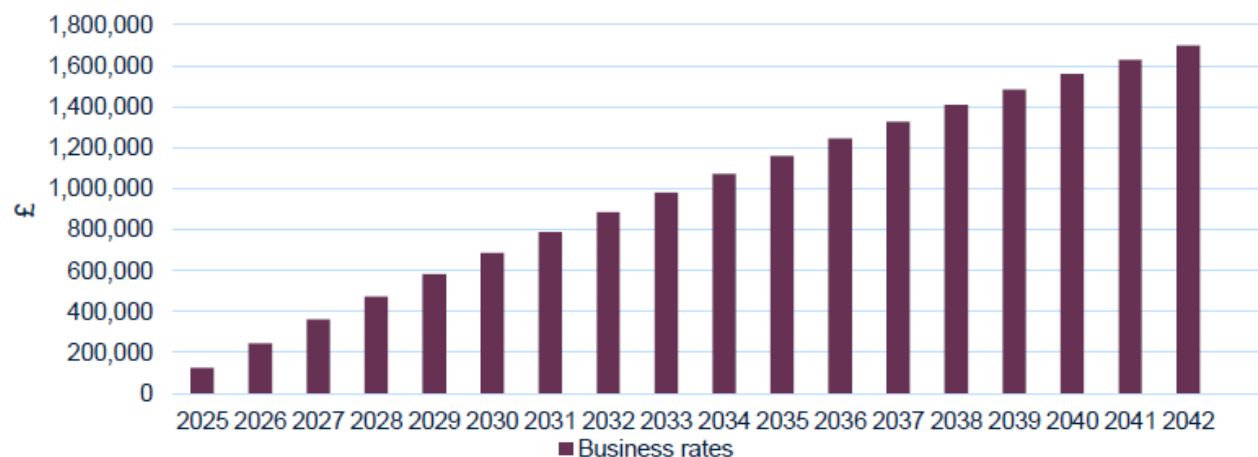


BUSINESS RATES

Per annum

£135k

20 Year Net Additional Public Sector Revenues (NPV; Cumulative)



Social Value Benefits

Social Value

The estimated social value benefits generated by the proposals are based on National Themes, Outcomes and Measures (TOMs), the Social Value measurement framework that is deemed relevant to the proposals.

The social value estimates presented here are cumulative, over the 1-year construction period.



Construction Social Value Benefit : £560k*

Note: The Social Value of this scheme is likely to be significantly higher than the value above. The above are the initial high level figures from the construction of the scheme, there will be ongoing operational Social Value benefits that have not been calculated.

Summary of findings



Bolton Council has authority to dispose of land at Horwich to build a new health and wellbeing centre, however since the report to dispose of the site was approved there is a **£440k undervalue of the site**. The council is required to achieve best value for the site, however the council do have consent to dispose of the land at an undervalue provided that:

a) the local authority considers that the disposal is likely to contribute to the achievement of:

- i) the promotion or improvement of economic well-being;
- ii) the promotion or improvement of social well-being;
- iii) the promotion or improvement of environmental well-being; and

b) the best price reasonably obtainable for the property does not exceed £2,000,000 (two million pounds)

This report therefore sets out some initial high level Economic and Social Value benefits associated with the proposed Horwich Health and Wellbeing Hub in order to justify the disposal of the land at an undervalue. Given the limited timescales of this piece of work, only initial benefits have been calculated. If more time was available a more detailed assessment would be undertaken, taking into account additional health and wellbeing benefits and cost savings to the NHS. This report does not include monetised benefits associated with consolidating a number of health services into a brand new hub and the costs associated with better health outcomes for the local residents.

Calculated Benefits

Based on the economic benefits that have been calculated for the new Horwich Health Hub are likely to generate **£4.8 Million per annum**.

Based on the Social Value benefits associated with the construction of the project, this likely to result in **£590k per annum**.

The Public Sector Revenue from Business Rates* over 20 years period is likely to be around **£1.7 Million**.

Based on this, the values to Council, and wider social and economic benefits of the scheme, far outweigh the undervalue of the site. This suggests that Council, by undertaking the decision to dispose and support this development, is operating with full consideration of both financial and economic factors.