

Decision Maker: EXECUTIVE

FOR PRE-DECISION SCRUTINY BY THE EXECUTIVE, RESOURCE AND CONTRACTS PDS COMMITTEE ON 20 MAY 2024

Date: Wednesday 22nd May 2024

Decision Type: Urgent Executive Key

Title: **BROMLEY HEALTH & WELLBEING CENTRE, CHURCHILL COURT – REFURBISHMENT, LEASE & CONTRACT AWARD**

Contact Officer: Darren Essex, Assistant Director of Strategic Property (Interim)
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Chief Officer: Sara Bowrey, Director of Housing, Planning, Property & Regeneration

Ward: Bromley Town

1. REASON FOR REPORT

- 1.1 A Report to Executive on 30th November 2022 set out the recommendation to purchase the freehold of the Direct Line site known as Churchill Court with a view to moving the Council offices off the Civic Centre site and subsequent disposal. As part of that report, Members agreed to the provision of a new Health & Wellbeing Centre for Bromley town centre.
 - 1.2 On 17th May 2023 a follow-up report was shared with the Executive which set out details of the conversion of the 1st Floor offices within Phase Four, Churchill Court to provide a new NHS Health & Wellbeing Centre (HWBC). Following that agreement Council officers have been working with colleagues in the NHS to design the new public facility, obtain planning consent, building control approval, agree funding and finalising the lease terms. This report, together with the accompanying Part 2 report, sets out the outcomes of that exercise and seeks permission to continue with the next steps.
 - 1.3 The Part 2 report sets out the outcome of the tender process and award of contract for the construction works. It also details the capital project budget and terms agreed with the NHS Integrated Care Board (ICB) for the share of capital funding and lease terms. In addition, this report updates Members on the overall project timetable.
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2. RECOMMENDATION(S)

- 2.1 Executive, Resources and Contracts PDS are asked to note the report and the accompanying Part 2 report.
- 2.2 Executive is recommended to:
- i) Approve award of contract for the Works contract for the Health and Wellbeing Centre as detailed in the accompanying Part 2 report.
 - ii) Approve the total capital budget allocation, as set out in the accompanying Part 2 report, to be resourced from joint LBB / NHS Capital funding provisions.
 - iii) Approve the Council capital contribution as set out in the accompanying Part 2 report.
 - iv) Approve the grant of a 25-year lease by the Council to the Dysart Surgery in accordance with the commercial terms set out in the accompanying Part 2 report.
 - v) Approve delegated authority to the Director of Housing, Planning, Property and Regeneration, in consultation with the Director of Finance, the Director of Corporate Services and the Resources, Commissioning and Contract Management Portfolio Holder, to determine and finalise all necessary commercial terms and financial arrangements.
 - vi) Approve delegated authority to the Assistant Director of Legal Services to enter into all relevant legal and ancillary documentation and agreements relating thereto.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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Transformation Policy

1. Policy Status: Existing Policy:
 2. Making Bromley Even Better Priority:
 - (1) For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
 - (2) For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence, and making choices.
 - (3) For people to make their homes in Bromley and for business, enterprise and the third sector to prosper.
 - (5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: Estimated Cost: Part 2
 2. Ongoing costs: Non-Recurring Cost: Part 2
 3. Budget head/performance centre: Part 2
 4. Total current budget for this head: Part 2
 5. Source of funding: Part 2
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Personnel

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: Within existing hours
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Legal

1. Legal Requirement: Statutory Requirement: Legal Requirement that any tendering procedure must comply with the Public Contracts Regulations 2015. More details set out in section 8 of this report.
 2. Call-in: Applicable:
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Procurement

1. Summary of Procurement Implications: Award of contract following procurement for capital works in accordance with CPRs and procurement legislation. See Part 2 Report for details.
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Property

1. Summary of Property Implications: See Section 5 & Part 2 of the Report.
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: See Part 2 Report.
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Customer Impact

1. Estimated number of users or customers (current and projected): Patients of the Bromley Town Centre Surgery, with additional services being made available to the whole of Bromley Borough.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Bromley Town Ward Councillors have been consulted and kept updated at various design stages over the past 12 months.
2. Summary of Ward Councillors comments: Feedback is supportive of the scheme, see section 3.6 of this report.

3. COMMENTARY

- 3.1. The background to this report is set out in the reports that went to the Executive on 30th November 22 and subsequently on 17th May 2023.
- 3.2. The Council completed the purchase of the building known as Churchill Court and took vacant possession on 28th July 2023.
- 3.3. Prior to occupation, Members agreed to the progression of commercial negotiations and design work with ICB colleagues for the creation of a new HWBC within Churchill Court. The previous proposals for the Adventure Kingdom site were deemed economically unviable and the use of this recently purchased accommodation which has the ability to be adapted to accommodate the HWBC.
- 3.4. The opportunities are as follows:
 - i. Following the purchase of Churchill Court the Council now has a definitive availability of space for the HWBC.
 - ii. The space at Churchill Court is vacant.
 - iii. Located within the core of Bromley town centre, it is close to the existing Dysart Practice.
 - iv. The works element is based on internal fit out only.
 - v. This will result in a more rapid delivery of the HWBC.
 - vi. The leasing arrangement for the HWBC between the Council and the ICB is that of Landlord and Tenant one whereby an Agreement to Lease will be entered into prior to commencement of works.
 - vii. The initial lease rent with the Dysart Surgery will be based on the market rent secured for 25 years guaranteed by the NHS with further detailed terms as set out in Part 2 of this report. Repair, maintenance and running costs will be recovered via a service charge arrangement.
 - viii. The Council will undertake the necessary fit-out works on behalf of the ICB with funding as set out on Part 2 of this report.
- 3.5 This project is being jointly delivered by the London Borough of Bromley and the NHS ICB. Regular weekly meetings are held and monthly Project Boards record progress, decisions and the agreed approach with representatives from Dysart Surgery consulted on a regular basis with each of the RIBA design stages signed off by both the surgery, their surveying team and the NHS ICB representatives.
- 3.6 Bromley Town Ward Members were invited to visit site on Friday 1st September 2023, with Councillor Julie Ireland, and Councillor Graeme Casey attending for the two hour tour and introduction to the project. They were shown plans and provided answers to their questions followed up with further facts to inform residents. The feedback from the visit was extremely positive with full support for the scheme being received.
- 3.7 To progress the project at pace the existing design consultancy team undertook surveys, site investigations, prepared plans, a design and programme for the proposed construction works to adapt the existing Churchill Court, Phase Four premises. A joint design brief was drawn up to ensure the new Health facilities comply with the stringent design guides the NHS regulate to. [Known as Health Building Notes (HBN's) and Health Technical Memorandum (HTM's)]. A BREEAM rating of Very Good (Building Research Establishment Environmental Assessment Method) is required as part of the NHS design criteria and helps achieve Building Regulation compliance.

- 3.8 The internal fit out design work which is classed as CAT B refurbishment (“strip out and bringing together all of the design elements together to create a fully functioning workplace complete with furniture and equipment”) requires the 1st floor accommodation to be fully stripped out of its existing suspended floors, partitions, lights, mechanical plant, ceilings and finishes to be made ready for completely new installation work.
- 3.9 In January 2024 planning consent was granted for minor alternations to the external envelope of the building (changing of a small north facing window to a louvred panel) and the installation of new air handling plant to a discrete area of the building again on the north side.
- 3.10 The conclusion of the design process culminated in the provision of RIBA Stage Four designs and was officially signed off by all Stakeholders on 23rd January 2024. This key milestone enabled the formal tender procurement process to commence. The project management and design team agreed that the most appropriate form of contract for the scope, scale and type of work on this project would be a JCT Immediate Form of Contract with Contractors Design Portions. The benefit being that design elements remaining with the main contractor are limited to a small number of specialist final bespoke building elements. (e.g. structural steelwork connections).
- 3.11 In order to obtain prices from the market for the fit-out works of the new HWBC, Officers utilised the NHS Shared Business Services (SBS) Procurement Framework, Public Sector Construction Works, Lot 2 Public Sector & Healthcare, London and the South-East with a value range of £2.5m to £5m. This was on the basis of a full traditional design with all details known by the client teams prior to issue of the tender. This approach ensured all stakeholders could sign up to the proposals with an accurate understanding of capital costs ahead of any formal commercial agreements being entered into.
- 3.12 The conclusion of the tender exercise and the outcome of process is set out in the Part 2 report. In parallel with the tender process, the estates team within Strategic Property Services have been closely working with colleagues in the NHS ICB to agree heads of terms, and lease terms to progress the project in advance of the delivery stage. The outcome of these negotiations are also set out in Part 2 report of this agenda.

Project Timescales

- 3.13 Subject to approval of the Executive the following key dates are set out as being the delivery times for the project.

No.	Item	Start	Completion
1	Tender Period	24th January 24	12th March 24
2	Tender Evaluation & Recommendations	13th March 24	19th April 24
3	Committee Report writing and internal circulation	23rd April	8th May 2024
4	E&RC PDS Scrutiny Meeting	20th May 2024	
5	Executive Meeting	22nd May 2024	
6	Executive decision published	24th May 2024	
7	Agreement for Lease signed by the Council, Dysart and ICB		31st May 2024
8	Award of Construction Contract	3rd June 2024	
9	Contract Mobilisation	11th June 2024	5th July 2024
10	On Site Construction	8th July 2024	7th January 2025

4 TRANSFORMATION / POLICY IMPLICATIONS

- 4.1 It is essential that the Council manages its assets to meet the Council's aims and objectives. The acquisition and move to Churchill Court is a key Council Programme to consolidate its assets and deliver efficient high-quality services now and in the future in a compliant and fit for purpose building for our Members, staff, stakeholders, partners and residents. The introduction of a new Health and Wellbeing Centre into Phase Four meets many of those objectives by offering new community facilities, an additional source of revenue for the Council and to enhance the sale potential for the Civic Centre site by releasing the Adventure Kingdom building.
- 4.2 A new Health and Wellbeing Centre for Bromley forms a key new facility for the residents of Bromley Town and the wider community. The Council's objectives of Making Bromley Even Better, are met in several ways through this scheme.

The Southeast London Integrated Care Board (NHS ICB) agree with this and have a website dedicated to the proposed new facility. They note on their page the following benefits:

- i. An improved home for the Dysart Surgery GP Practice
- ii. Fit for purpose, modern and sustainable accommodation for current and future services.
- iii. A range of primary care, community, hospital care and wellbeing services will be provided under one roof in an accessible location.
- iv. Enable services to work closely together to provide more joined up care for people.
- v. Avoid having to go to hospital for some services.
- vi. A similar model to the Beckenham Beacon and Orpington Health and Wellbeing Centres, both of which are well utilised, accessible modern buildings which house a number of services under one roof.
- vii. Accessible location with good physical accessibility and very good public transport links.

5. STRATEGIC PROPERTY CONSIDERATIONS

- 5.1 The Contract Award for the construction works and the agreement to enter a lease with the NHS are in line with Strategic Properties plan to dispose of the current Civic Centre site and locate Council services into the new building at Churchill Court.
- 5.2 The agreed transaction for a 25-year lease for the first floor of Phase 4 of Churchill Court with the Dysart Surgery for the Health and Wellbeing Centre is outlined within Part 2 of this report.
- 5.3 Part 2 also provides details of the source of the capital funding needed to refurbish the space and fit out the area, to meet the needs of the Dysart Surgery who will occupy the area.
- 5.4 Confirmation has been obtained from a RICS qualified Chartered Surveyor within the Council's estates team confirming that s123 of the Local Government Act 1972 has been complied with in accordance with Paragraph 8.9 below.

6 PROCUREMENT CONSIDERATIONS

- 6.1 The full procurement supporting comments are set out in the Part 2 report on this Agenda.

7 FINANCIAL CONSIDERATIONS

7.1 The full financial supporting comments are set out in the Part 2 report on this Agenda

8 LEGAL CONSIDERATIONS

Contracts/Procurement aspects

- 8.1 This report seeks Executive approval to award a contract for adaptation and refurbishment works via a framework to the contractor named in part 2 of the report.
- 8.2 There is no specific legal requirement for the Council to work with the ICB to provide the HWBC. The National Health Service Act 2006, the Care Act 2014 and the Health and Care Act 2022, however, place public health duties on local authorities to improve the health of their populations. The Council is also in a section 75 arrangement with the ICB by which the provision of health and social care is integrated and jointly commissioned.
- 8.3 This is a works contract, and the value of this procurement falls above the thresholds set out in Part 2 of the Public Contracts Regulations 2015 (PCR) so is subject to the Regulations. Regulation 33 of the PCR enables local authorities to use compliant framework agreements, to procure works and services, as is proposed in this report.
- 8.4 Where a Framework Agreement is intended to be used for a Contract with an Estimated Value above the PCR thresholds it must be operated as provided for in in Part 2 / Section 4/ 33 of the PCR as per the Council Procedure Rules (CPR's) CPR 7.4.5.

Property Aspects

- 8.5 *Under the proposed property structure there will be a disposal of the site for the purposes of section 123 Local Government Act 1972 – the grant of the 25-year lease to the Dysart GP Practice.*
- 8.6 s.111 Local Government Act 1972
- 8.6.1 The Council has power to do anything calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 8.6.2 The intended proposal to dispose in this report would be affected pursuant to that statutory power and the General Power of Competence pursuant to the Localism Act 2011.
- 8.7 Disposal of land
- 8.7.1 If the intended proposal to dispose of Council land as referred to above were to proceed Local authorities have power under s.123 of the Local Government Act 1972 to dispose of land for best consideration that can reasonably be obtained (usually based on open market value).
- 8.7.2 s.123 of the Local Government Act 1972 confers power to the Secretary of State to give general consent for the purposes of land disposals by local authorities carried out under their powers in Part 7 of the 1972 Act.
- 8.8 The Local Government Act 1972: General Disposal Consent 2003 removes the requirement for local authorities to seek specific consent from the Secretary of State for any disposal of land where the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the well-being criteria in the Local Government Act 2000:

- (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 the “undervalue” (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2,000,000 or less.

Applications for specific consent should be sent to the DCLG and include the following information:

Written description of the land and buildings, the location

Written description of how the land is currently held by the Council

Details of any leases, encumbrances such as easements

Summary of the proposed disposal/transaction

8.9 The Council’s property estates officers have carried out valuations to ensure compliance with the requirements of s123 of The Local Government Act 1972 and the necessary certification to ensure compliance with section 123 of the Local Government Act 1972 as set out in paragraph 5.4.

9 WARD COUNCILLOR VIEWS

9.1.1 Ward Councillors views on this concluding Report have not been recently sought, but support for the scheme has been previously given by Councillor Julie Ireland, Councillor Graeme Casey and Councillor Sam Webber. (See Section 3.6)

Non-Applicable Headings:	IT and GDPR, Personnel
Background Documents: (Access via Contact Officer)	N/A – Appendices presented in the Part 2 Report where applicable