



Report to Health Scrutiny Sub-Committee

Author/Lead Officer of Report:

Jackie Mills, Chief Finance Officer – Sheffield Place, NHS South Yorkshire ICB

Report of:	Mike Speakman, Programme Manager, NHS SYICB Richard Kennedy, Head of Involvement, NHS SYICB
Report to:	Health Scrutiny Sub-Committee
Date:	13 December 2023
Subject:	Sheffield Primary Care Hubs Update

Purpose of Report:

- To inform the Committee about the progress of the Sheffield Primary Care hubs.
- To inform the Committee about the activity and outputs of the 12-week consultation undertaken to inform the decision to proceed with proposals to develop a City Centre Hub, and for two GP Practices to relocate into the new site.

Recommendations:

That the Committee:

- Note the update on progress of the Sheffield Primary Care hubs.
- Note the consultation activity undertaken to inform the decision to proceed with proposals to develop a City Centre hub and for two GP practices to relocate into.

1. Background.

The NHS South Yorkshire ICB Primary Care capital programme is funded by HM Treasury and needs to be delivered within parameters set out by DHSC. Newly created assets are required to be in public ownership, whereas alterations to existing primary care premises need to be delivered as Improvement Grants, in line with the Premises Cost Directions 2013 and require practices to make a capital contribution too. All NHS capital funding for the programme is required to be spent by March 2025.

If approved, the new Primary Care hubs will be built and owned by Sheffield City Council, funded with a Capital Grant from the NHS under a Section 2 agreement that provides the NHS with rent-free use of the premises for 60 years. Practices would be required to pay service charges, other than rent, some of which are reimbursable under the Premises Cost Directions 2013, and others are a practice overhead covered by Global Sum payments. A set of financial principles have been agreed to ensure relocation to the new hubs is financially viable to practices, whilst still ensuring value for money to the ICB.

The proposed Primary Care Hubs are as follows:

Hub Name	Location	Practices Involved	Capital Scheme Value
Foundry 1	Spital Street, S3 9LB	Burngreave Surgery Sheffield Medical Centre	£7.41m
Foundry 2	Rushby Street, S4 8GN	Page Hall Surgery Upwell Street Surgery	£9.07m
SAPA 2	Wordsworth Avenue, S5 8AU	The Healthcare Surgery Buchanan Road Surgery Margetson Surgery*	£9.08m
City Centre	3-5 Church Street, S1 2GJ	PCS City Practice PCS Mulberry Practice	£4.45m
Total			£30.01m

*Margetson Surgery (a branch of Ecclesfield Group Practice) have indicated that the move would not be financially viable for them and have now withdraw from the SAPA 2 scheme.

2. City Centre Primary Care Hub

A 12-week public consultation was undertaken between 31 July 2023 and 29 October 2023 regarding proposals to develop a new City Centre Hub in the former RBS Bank building (3-5 Church Street), with two GP Practices, PCS City and Mulberry, proposing to relocate to the new site.

298 public responses were received, with a further two responses from stakeholder, and two from Councillors. The majority of respondents reported that the proposal would have no impact on them. Reported impacts and suggested mitigations will be considered as part of the development of the Outline Business Case. The full consultation report can be found in Appendix A.

The consultation report was assured by the Quality, Performance, Public Involvement and Experience Committee on 5 December 2023.

On 10 January 2024, the Sheffield Primary Care Committee will consider the Outline Business Case alongside the consultation report and agree whether the proposal for the development of the city centre hub and for the two practices to relocate should be submitted to NHS England for approval. This may also be ratified by NHS South Yorkshire's Operational Executive, the Chief Executive, Deputy Chief Executive, or Executive Director (Primary Care lead).

Work to develop proposals have been progressing rapidly, with Stage 3 design now reaching its conclusion. A planning application was submitted on the 23rd November 2023 for the change of use and building works to create the accommodation for the 2 practices. The design team have worked with a full range of consultants given the historic nature of the building and the requirements of modern healthcare. The proposals also include an area of future expansion space, given the expected increased population and demand for healthcare in the city centre.

The building has not yet been acquired by Sheffield City Council, whilst legal processes are undertaken by RBS, and approvals processes are undertaken by both SCC and NHS South Yorkshire ICB. The cost plan arising from the Stage 3 design is now due, which will enable the completion of the Outline Business Case. The overall costs, including acquisition of the property are currently expected to be within the budget allocation. The scheme would be fully-funded by the NHS, via a Section 2 capital grant to SCC.

Whilst there have been delays in processing the legal matters associated with the historic building, the programme has been reviewed and indicates refurbishment work to commence in August 2024, completing in March 2025.

3. New Build Hubs. (Foundry 1, Foundry 2, SAPA 2)

The three new-build hubs are now reaching a critical stage of development where all the various elements and workstreams are due to come together in the FBC for each scheme, as outlined below.

3.1 Tender Negotiations.

The contract to build each of the new hubs would be let by Sheffield City Council, as the contracting authority. Twelve contractors from the YorBuild framework were invited to submit tenders to build each of the new Hubs in early October 23 and returns for each scheme were received on 11th November 23.

Feedback from framework contractors indicated a generally risk-adverse approach to fixed-price tenders, as required from a single-stage tender process, due to the unprecedented levels of inflation and issues of resource supply (materials, equipment and labour). Two of our sites have particularly challenging topography and ground conditions, which also increases risk.

An intense stage of tender analysis, queries and post-tender negotiations is currently underway and is at a commercially sensitive stage. Areas of cost and time pressure have been identified and the Project Team are working with each tenderer to try and

arrive at an agreed contract sum and programme for each scheme, however, this may not be possible in all cases, and contingency scenarios are being developed.

3.2 Planning Permissions

Planning permission for the SAPA 2 Hub has now been received (with expected conditions) and the remaining 2 Hubs are expected to achieve planning permission once proposals to meet Bio-diversity Net Gain requirement have been finalised with SCC.

3.3 Legal framework

Work is on-going to finalise the proposed legal documentation for each hub. This includes draft Agreements for Lease, the draft Lease documents between SCC and each GP practice, and the Section 2 agreement between NHS England and SCC (with the ICB a party to it also). Standardised documentation is being used wherever possible. GPs have requested provision for a single-handed contractor scenario, which is being met.

3.4 Practice Discussions

A series of meetings have been held between the ICB and all relevant practices to outline the overall framework and position of each scheme, discuss remaining points of concern with Partners and also the financial principles to help ensure practices are able to reach a final decision to proceed with their scheme, which will include a letter of commitment being submitted by the practice, for inclusion in the FBC.

All practices will receive a letter from the ICB confirming the points that have emerged during those discussions, to help finalise their decision to proceed. This is a fundamental point for each scheme, as all aspects are brought together to help practices make a fully informed decision, and any one main practice not wishing to proceed represents a critical risk to that scheme. Whilst every effort has been made to address points and provide assurance to practices, there will remain some risk issues that cannot be mitigated, that practices will need to consider against the opportunities to relocate to a new Hub present.

3.5 Full Business Cases

Each scheme has a separate Full Business Case that is being developed in line with HM Treasury 'Green Book', using the 5-Case model. Relevant key metrics from the FBCs are included below. These will also apply to / include City Hub when submitted. It is planned to submit the FBCs to NHS England on the 18th December 2023. The documents are Commercial in Confidence. Having approved the overall SY ICB Programme Business Case and Sheffield Decision Making Business Case, and in line with other South Yorkshire Place schemes, there is not a requirement for the ICB to approve the FBC prior to submission. A separate FBC document will also be considered by SCC as part of its capital approvals process to confirm the ability of the schemes to proceed once legal agreements are in place.

3.5.1 Economic case

The schemes will see increased capacity and continue to indicate high value for money (through updated assessments of their associated Benefits, Costs and Risks (BCR)) as shown below.

Hub	City	F1	F2	S2
Area (m2)**	1,100	1,300	1,500	1,400
BCR (Value for Money)*	5.2	4.3	4.1	3.0

*Greater than 2 is high VfM

*Rounded

The hubs will see a mix of spaces such as Consultation/Exam Rooms, Virtual Consultation Rooms, Treatment Rooms, Shared Spaces, Flexible use spaces for administrative and community staff work.

3.4.2 Financial case

To build the hubs, the schemes capital values range from £4.4-£9.08m and to run/maintain the hubs the schemes revenue ranges from £160k-£195k per annum. The new build hubs are seeking to be as close as possible to Net Zero Carbon (NZC) which supports a significant reduction in future energy costs compared to current GP premises.

Hub	City	F1	F2	S2
Capital Budget (£m)	4.45	7.41	9.07	9.08
Revenue Budget (£kpa)	185	160	195	185

3.5.3 Management case

Joint Programme Board and Steering Groups continue to oversee the latter elements of the pre-construction stages. The on-going monitoring and evaluation of scheme benefits and risks are being planned between SCC and the ICB. The following are the current key milestones for new build hubs:

Key Milestone	Target date
FBC submission	December 2023
FBC approval	January 2024
Section 2 and Construction Contract Award	January 2024
Construction Start	February 2024
Construction End	February 2025
Handover and Use	March 2025

This page is intentionally left blank