

**Stocksbridge Medical Group – Sale and Leaseback of Current Premises
at Johnson Street, Stocksbridge**

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Primary Care Commissioning Committee meeting

21 July 2016

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Sponsor	Katrina Cleary, Programme Director Primary Care, Sheffield CCG
Is your report for Approval / Consideration / Noting	
Approval	
Are there any Resource Implications (including Financial, Staffing etc)?	
Not at this stage	
Audit Requirement	
<u>CCG Objectives</u>	
<i>Which of the CCG's objectives does this paper support?</i>	
1. To improve patient experience and access to care	
4. To ensure there is a sustainable, affordable healthcare system in Sheffield.	
<u>Equality impact assessment</u>	
<i>Have you carried out an Equality Impact Assessment and is it attached?</i>	
No patients will be affected by the proposed sale and leaseback proposal therefore and EIA not required.	
<u>PPE Activity</u>	
<i>How does your paper support involving patients, carers and the public?</i>	
We are assured the practice participation group fully supports the move to new premises, however for the purposed of such business decisions such as sale and leaseback of premises patient involvement is not required	

Recommendations

The Primary Care Commissioning Committee is asked to:

- Approve the proposed sale and leaseback arrangement of the Johnson Street surgery premises. on the understanding that this lease will be surrendered by Landlord and Tenant if and when terms are agreed for the new premises and a new lease is put in place for those new premises;
- Approve the District Valuer's identified reimbursable area for the proposed new premises as being 833m² for the purposes of general medical services provision;
- Require the practice and developers of the Fox Valley development to confirm to the CCG by the end of October 2016 whether the practice relocation to a new site is likely to happen and within which timescale.

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1. Introduction / Background

Valley Medical Centre for several years has been in discussions with a developer with regard to the development of new premises. Those discussions remain ongoing. The proposed new premises are to be located in the commercial Fox Valley development in the Stocksbridge area of Sheffield. Phase 1 opened 16 June 2016 and phase 2 is scheduled for completion in September 2016.

Original plans indicated residential developments that could potentially realise approx. 3,500 new patients over the next 10-years. The practice first suggested the sale and lease back of current premises on 27 January 2016 as an interim arrangement until the new premises are completed and the new form of lease agreed.

A draft lease in regard to the sale and leaseback of the current premises has now been submitted for commissioner approval on a potentially different basis than originally discussed. This paper updates PCCC on progress so far and seeks the committee's approval with regard to the way forward.

2. Request for Sale and Lease back of existing premises on Johnson Street, Stocksbridge, Sheffield

The Johnson Street premises is currently owned by the partners of the practice, some of whom are nearing retirement age and are looking to release their capital from the building on retirement. Over recent years it has become clear that new partners to a practice can be reluctant to buy into a premises share of any partnership they might join. The Stocksbridge practice is mindful of this and is keen to put the current premises into the ownership of a third party in order to support their succession planning process.

After working on the new development for several years the practice received confirmation to fund the revenue consequences at the Fox Valley development on 21 August 2015. This was five months before their request for a sale and lease back arrangement for their current premises. Previously NHS England understood the premises were to be sold (to the developer) following occupation of the new premises. This is not now the case.

To enable the DV (District Valuer) to prepare an estimated valuation of the proposed premises a draft version of plans were submitted. The reimbursable area has been agreed at 833m² (using principles of best practice guidance). The developer and the practice are keen to develop much larger premises of 1215m².

The practice has been reminded that the reimbursable area is 833m² and any other space in the building would have to be under separate arrangement with the commissioners of the services involved. At this stage no firm commitments from other organisations to utilise extra space within the proposed new building have been agreed. Public Sector organisations are currently reviewing their estate and identifying opportunities for greater effective and efficient use of existing estate resources. This will need to be given due consideration as part of the next stage regarding the development.

The practice has received assurance that the proposal to move to new premises continues to be supported by NHS England and Sheffield CCG.

Whilst these deliberations continue the practice remains keen to develop its GP succession plan and to put the ownership of the current premises with a third party by way of a sale and leaseback arrangement. In order to enable this to happen the practice has submitted for consideration and approval a draft lease which was submitted in June for consideration. This draft lease is for a period of 20 years, without any break clauses, and does not make any reference to the move to the new building. In raising this issue with the practice they are clear, and this is supported by advice from their solicitor, that there are two separate yet related issues at play – the sale and leaseback of the current premises and then the potential relocation to a new site – and that they should be treated separately. It is understood that if terms can be agreed for the new premises then the exiting lease will be surrendered by deed on the same day as the new lease is put in place.

Should the CCG support this proposal they would be agreeing to commission services from those premises which the practice acknowledges are not fully fit for purpose. Further discussions with the proposed new premises owner may therefore need to take place to ensure that any required remedial action is taken.

3. Patient engagement

We are assured the practice participation group fully support the move to new premises.

4. Other local provision

There is only one other practice in the area, Deepcar Medical Centre, which is a purpose build LIFT building. The Community Dental Service exited these premises 30 April 2015 at which point the CCG has been incurring void costs for these premises.

5. Risks / Benefits

It is difficult to quantify any benefits to the CCG or patients by agreeing to the sale and leaseback of the Johnson Street site, although any action which supports a practice to effectively plan for the replacement of key clinicians will clearly have some benefit. The CCG has agreed to fund the additional revenue consequences of the new development which has not progressed due to the fundamental lack of agreed plans for the agreed level of reimbursable area. This issue needs to be resolved as soon as possible so that all parties can plan accordingly.

5. Recommendation

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Paper prepared by Paul Barringer, Primary Care Manager, NHS England

On behalf of Katrina Cleary, Programme Director Primary Care, Sheffield CCG

12 July 2016