HUDU Planning for Health

Developer Contributions for Health – Case Study Examples

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HUDU Planning for Health
Developer Contributions for Health – Case Studies

Introduction
There are a number of ways in which the planning system can be used to support improved health outcomes and help provide for new health infrastructure where needed. This paper illustrates how the mechanism of S106 Planning Contributions can be used through a series of brief case studies.

HUDU has developed a range of tools and guidance to help assess and provide for the health impacts of new development and works with health organisations and local planning authorities to maximise the opportunities that an integrated approach to health and planning can bring.

In particular, the HUDU Planning Contributions model gives health and local planning authorities a way of assessing the possible health infrastructure requirements and financial impacts arising from new residential development and related population changes and provides a basis for negotiating appropriate developer contributions.

Planning System
S106 of the Town and Country Planning Act 1990 allows a local planning authority (LPA) to enter into a legally-binding agreement with a landowner in association with the grant of planning permission. These agreements are referred to variously as S106 or planning obligation agreements. Planning contributions (or obligations) can include financial contributions or in kind contributions – such as the provision of land or floor space within a building for a new health facility. However, they do need to satisfy certain tests to ensure they are relevant to the development.

Local planning authorities differ in the way they use S106 contributions. Broad (and sometimes specific) policies on their use will be set out in the relevant local plan for the area (which, in London, need to be in general conformity with the London Plan). Most London local planning authorities have also published more detailed supplementary planning guidance on the use of S106.

S106 is in the process of being replaced by Community Infrastructure Levy (CIL) as the main means whereby community infrastructure needs arising from new development will be funded. Local authorities have until April 2014 to adopt CIL. After this, the use
of S106 will be severely curtailed. Nevertheless the health infrastructure impacts of new development will still need to be addressed under CIL and the case for made for new health infrastructure (and release of appropriate funds) but the process will change - see separate HUDU Guidance on CIL.

**HUDU Planning Contributions Model**

The HUDU Planning Contributions Model can be used to help assess the health infrastructure needs and consequent capital and revenue impacts of new residential development.

The model takes the user through a series of steps to assess the net population gain arising from a development or group of developments, the demands they are likely to place on the health system in terms of increased health activity levels, the potential impact on health infrastructure in terms of additional types of healthcare and associated floor space needed to cater for the increase, and finally the potential financial impacts. These last calculations can then form the basis for negotiating an appropriate developer or S106 contribution.

The HUDU model and related information systems have been adapted to take account of the changes which will result from the introduction of CIL. Put simply, this will result in an additional need to:

- take a longer term view of the spatial and cumulative impact of development across a borough on health infrastructure
- understand when and how the need for a new facility will be triggered as developments are implemented over time

The same requirement to understand whether, and if so what new facilities need to be provided on or off site as part of a particular development scheme, or within a wider area context (eg a London Plan designated Opportunity Area) will still apply as development proposals come forward for planning consent.

The HUDU model is widely used across London both in connection with the S106 process and, increasingly, in infrastructure planning and the setting of CIL charges. To date, only one London Borough has implemented CIL, but most are now in the process of introducing it.

**The Case Studies**

The twelve case studies which follow illustrate the different ways in which the planning system and S106 developer contributions have been used to support the provision of new health infrastructure.
Ten of the twelve cases involve the direct provision of a new health facility and/or in some of the cases a financial contribution. These case studies show how health facilities of varying sizes ranging from new GP surgeries to larger community healthcare facilities were secured through S106 agreements.

In the two other cases:-

- Ackerman Road health centre/Myatt’s Fields North in LB Lambeth) illustrates how a land swap in the context of a major area regeneration scheme of a housing estate enabled a new health centre to be built (using LIFT).
- The West Middlesex example shows how a contribution to additional healthcare was secured from a residential development on surplus land released once a new PFI funded hospital was completed in 2003 replacing the old West Middlesex Hospital in Isleworth (LB Hounslow).

The map below shows the location of the case studies, and Table 1 contains a summary list. The report concludes with a brief description of each case study.

**Location of Case Studies**
### TABLE 1  SUMMARY LIST OF CASE STUDIES

<table>
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<th>Scheme</th>
<th>Borough</th>
<th>S106 Planning Contributions</th>
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<td>Lambeth</td>
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<td>West Middlesex University Hospital, Isleworth</td>
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<td>Release of surplus hospital land for housing and use of s106 to fund urgent care on the new hospital site</td>
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<td>Blithehale Health Centre, Bethnal Green</td>
<td>Tower Hamlets</td>
<td>Pooled S106 contributions of £1.6m towards cost of new health centre (1,020m2) located on the ground floor of a residential development</td>
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<td>Former St Andrew's hospital site Bromley by Bow</td>
<td>Tower Hamlets</td>
<td>Pooled S106 contributions of £5.2m towards cost of new health centre (2,000 m2) including fit out</td>
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<tr>
<td>Bermondsey Spa</td>
<td>Southwark</td>
<td>£120k contribution to new health facility from two nearby developments secured under Borough’s S106 tariff system.</td>
</tr>
<tr>
<td>Hackbridge</td>
<td>Sutton</td>
<td>Primary healthcare facility of 565 m2 with costs of construction and fit out coming from a variety of sources, including pooled s106 contributions.</td>
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| Goodman’s Fields, Alie Street, E1           | Tower Hamlets | Provision of shell and core facility (of 1,630 m2)  
Financial contribution to fit out (£211,900); Peppercorn rent for 3 years |
| Mill Hill East                               | Barnet   | New GP Surgery of 530m2 plus £700k contribution to acute and intermediate healthcare (given the construction nearby of Finchley Memorial Hospital under LIFT) |
| Haringey Heartlands                         | Haringey | Primary healthcare facility of up to 1,000 m2 plus a £500,000 contribution towards service capacity enhancements within the new facility or surrounding area. |
| Former RAF sites - RAF Uxbridge             | Hillingdon | Primary healthcare facility of 225m2 provided, or fall back contribution of £624,500 if not built (ie to fund alternative healthcare provision) |
| Former RAF sites – former NATS site, West Drayton (now Drayton Garden Village) | Hillingdon | Primary healthcare facility of 1,085m2 plus peppercorn rent for 3 years, or a fall back contribution of £337,500 |
| Southall Gas Works                          | Ealing   | Primary Care Hub of 2,550 m2 (including fit out); or a fall back contribution for an alternative facility in a nearby location |
Other healthcare benefits

Although the case studies focus on the physical facilities delivered and related financial contributions, there are wider health related benefits from such schemes. These include the opportunities they create through larger buildings to:

- Co-locate or integrate GP practices – often in circumstances where their existing premises are constrained and/or no longer fit for purpose
- Improve efficiency and enhance the patient experience
- Provide capacity for expansion as the population grows
- Extend the range of services provided eg hours of opening; provision of community healthcare and colocation/integration of health and social services functions.

HUDU/July 2012
Case Studies

Akerman Neighbourhood Resource Centre, Lambeth

Land swap and replacement health centre

The regeneration of Myatts Field in north Brixton will include the construction of new and refurbished homes, retail units and new green spaces. The 25-year housing Private Finance Initiative project includes the construction of 808 new build homes and the modernisation and refurbishment of 172 existing homes.

A key element of the regeneration project is the development of the Akerman Road Neighbourhood Resource Centre. The centre is being built by the local LIFT company, Building Better Health and will replace the existing Myatts Field health centre following an exchange of land with the London Borough of Lambeth. The land swap will allow a new larger health centre of 5,200 sq.m. to be built, meeting the anticipated population growth in the area, consolidating GP practices in the area and providing a range of community based services provided by the local acute and mental health trusts. An adult and social care team will also be based in the centre. The Akerman facility is one of five Neighbourhood Resource Centre planned in the borough as part of the PCT’s Primary Care Neighbourhood Network service model. The centre will open in August 2012.

West Middlesex University Hospital, Isleworth, Hounslow

Release of surplus hospital land for housing and use of s106 to fund urgent care on new hospital site

As part of the redevelopment and refurbishment of West Middlesex Hospital a new £50 million main building opened in May 2003, funded by a Private Finance Initiative. Approximately half of the original site was sold to create a compact, modern hospital. On part of the site, permission was granted in 2010 for 280 new homes, including 62% affordable homes. A legal agreement secured the sum of £283,500 for the investment in healthcare services, calculated from the HUDU model. The area around the site was
identified as lacking in primary care provision. Following completion and occupation of the housing development, the s106 contribution was received and invested in primary and urgent care on the West Middlesex hospital campus. An Urgent Care Centre opened in March 2012 which includes GP services which will provided for the primary care needs of the new population in the housing development.

Blithehale Health Centre, Bethnal Green and Former St Andrew's hospital site, Bromley by Bow

Pooling s106 developer contributions to help implement Tower Hamlets’ joint Health and Wellbeing Strategy

The Council and the NHS developed a joint Health and Wellbeing Strategy to create a network of new facilities to deliver primary and community healthcare services to provide better access to services for the existing population and to meet the needs of population growth. Tower Hamlets has experienced considerable housing growth and the PCT, supported by the borough have been very successful applying the HUDU model to secure developer contributions for health.

To help implement the Health and Wellbeing Strategy, £12.5m of developer contributions have been received. These contributions have been pooled to help deliver new health facilities. The new Blithehale Health and Wellbeing Centre (of 1,020 sq.m.) was secured
through a change of use from offices and opened in September 2011. The project costs were partly funded by £1.6 million of pooled s106 health contributions.

A new Health and Wellbeing Centre is being built on the site of the former St Andrews Hospital in Bromley-by-Bow as part of a mixed use scheme including 964 residential units. The 2,000 sq.m. centre is being built as a ‘core and shell’ facility (worth an estimated £4.65m in build costs) and £5.2 million of pooled s106 contributions will be used to fund the fit-out of the new centre. The Centre will open later in 2012.

Bermondsey Spa, Southwark

Pooling contributions using s106 tariff and agreed protocol

In October 2000, Southwark Council adopted a masterplan for the Bermondsey Spa regeneration area to provide 2,000 new homes, community facilities, offices, shops, open space and play facilities across 15 development sites. NHS Southwark identified the need for improving primary healthcare in the area. Phase 2 of the masterplan (Site E) included a new 1,400 sq.m medical centre on the lower floors of building developed by Hyde Housing Association. The centre opened in December 2011 and incorporates facilities for GPs and child health facilities on the ground floor, with a mix of office accommodation and further clinic rooms on the first floor. Developer contributions from two developments in the area totaling £120,000 calculated from the Council’s s106 tariff based on the HUDU model have contributed to the purchase of furniture and equipment for the new medical centre. The centre opened in December 2011. The release of s106 funds was achieved through an agreed protocol between Southwark Council and NHS Southwark.
Hackbridge, Sutton

Use of pooled s106 contributions as part of funding package

The provision of a new health centre in Hackbridge is supported in the borough’s Local Development Framework where over 1,100 dwellings are planned. Development of the Felnex Trading Estate and adjoining Kelvin House site will create an enlarged district centre with a community ‘hub’ and a new health centre.

Planning permission on the Felnex Trading Estate site includes a 565 sq.m. health facility. The costs of construction and fit out come from a variety of sources. The developer will partly fund the costs (40%) with a contribution from the PCT (recycling existing GP cost reimbursements), capitalised rent linked to a reduced rent and the pooling of s106 contributions from neighbouring Hackbridge developments. The adjoining Kelvin House development will contribute £59,660 based on a capital cost calculation from the HUDU model.
Goodman’s Field, Alie Street, Tower Hamlets

Contributions towards fit out and reduced rent of new health facility

Goodman’s Field is identified by the Council and the PCT as a strategically important site providing an opportunity to deliver a new primary care facility to meet the existing needs of the local population and future population growth in the Aldgate / City Fringe area. It is included in the Core Strategy Infrastructure Delivery Plan 2011 update.

Planning permission was granted for a mixed use scheme and the accompanying legal agreement provides a ‘shell and core’ health centre of up to 1,630 sq.m, with a ‘peppercorn’ rent for the first three years. In addition a developer contribution of £211,900 has been secured to assist with the costs of fitting out the centre. Overall, the build costs and developer contributions to establish the health centre totals £4.5m. The development is under construction.

Mill Hill East, Barnet

Financial contribution towards intermediate and acute healthcare

Mill Hill East has been designated by the Mayor of London in the London Plan as an 'Area for Intensification' and Barnet Council has adopted an Area Action Plan for the area focused around the Inglis Barracks, a former operational base for the Ministry of Defence. Planning permission was granted for 2,174 dwellings, a primary school and retail and employment uses. The development, known as Millbrook Park, is due to start in mid-2012.

The development includes a new GP surgery of 530 sq.m. to be provided in the refurbished Officers Mess building. In addition, the s106 legal agreement provides for an ‘acute and intermediate healthcare contribution’ of £700,000, calculated from the HUDU model. Once received, it is intended that the financial contribution will contribute to the provision of intermediate care and outpatients services at the new Finchley Memorial Hospital which opens in October 2012.
Haringey Heartlands, Wood Green, Haringey

**New healthcare facility and contribution to improve existing healthcare**

NHS Haringey and the London Borough of Haringey have developed a Health Infrastructure Plan which provides a vision for future health infrastructure in the borough and supports the borough’s Core Strategy. It recognises the need for new or extended primary healthcare premises in areas of regeneration and growth in the borough. Around 1,000 new homes are to be built at Haringey Heartlands close to Wood Green town centre.

In response to the application, the PCT and HUDU submitted a Watch out for Health rapid health impact assessment of the proposals which identified the need to increase the capacity of primary healthcare provision in the area to cater for the demand generated by the development and the needs of the wider Wood Green area.

As part of the approved mixed use scheme, the signed legal agreement secures a healthcare facility of up to 1,000sqm which, as identified in the Watch out for Health appraisal, would address the cumulative demand from development in the area and allow for the possible relocation of GP practices. The agreement also provides a financial contribution of £500,000 which can be spent on the new facility or on service improvements and/or capacity enhancement in the surrounding area.
Former RAF Uxbridge site and former NATS site, West Drayton, Hillingdon

‘Fall back’ s106 contributions to fund alternative healthcare provision

RAF Uxbridge adjacent to Uxbridge Town Centre and the former National Air Traffic Services (NATS) Headquarters in West Drayton are identified as two strategic sites in Hillingdon’s Core Strategy. HUDU have supported the PCT in responding to proposals on these key sites and considering future options for primary care provision.

A joint venture between the Ministry of Defence (VSM estates) and property developers have secured planning permission to redevelop the former RAF Uxbridge site for 1,373 homes, a primary school, shops, and a theatre and will link to the existing town centre. The legal agreement includes a primary care facility of 225 sq.m. to be let at a peppercorn rent. Given the development’s proximity to Uxbridge Town Centre and the long development timescale (over 10 years to build out) a ‘fall back’ payment of £624,500 in lieu of the capital build cost of the facility was secured to contribute to alternative provision, possibly in the town centre.
The former National Air Traffic Services (NATS) Headquarters at Porters Way, West Drayton has permission for 773 dwellings, a care home and a primary healthcare facility. The primary healthcare facility of up to 1,085 sq.m. is offered at a peppercorn rent for 3 years with a ‘fall back’ contribution of £337,500 (derived from the HUDU model) to contribute to alternative provision in the West Drayton area. The development, known as Drayton Garden village is under construction.

Southall Gas Works, Ealing

‘Fall back’ s106 contribution for an alternative facility in a nearby location

Southall Gas Works represents a strategic underutilised brownfield site located in the Southall Opportunity Area, designated in the London Plan. A major planning application, which was determined by the Mayor of London, proposes 3,750 new homes and a mix of commercial and community uses over a 15 year period. The development site is close to Southall’s new Crossrail station with services starting in 2018.

The scheme includes the construction and fit-out of a 2,550 sq.m. health facility. At the time of the application in 2008, the PCT intended that the large health centre would act as a hub for primary care services, serving a wider population than that of the new development, in a location accessible by public transport and close to other social
facilities. Nevertheless, the legal agreement includes a ‘fall back’ contribution equal to the cost of providing the facility for alternative provision within 500 metres of the site (or a greater distance as agreed). This was sought to allow for a potential change in NHS strategy and to consider lower cost options. It was identified that a number of GP practices in the local area may require some investment and expansion. The earliest phases of development could commence in 2012.

Southall Gas Works development