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|                   | <b>Cabinet</b><br>11 September 2023  |
|  | <b>Report from the Corporate Director<br/>of Communities and Regeneration</b>              |
|  | <b>Lead Cabinet Member -<br/>Regeneration, Planning and Growth<br/>(Councillor Tatler)</b> |
| <b>South Kilburn Medical Centre – additional Strategic<br/>Community Infrastructure allocation</b> |  |

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| <b>Wards Affected:</b>  | Kilburn  |
| <b>Key or Non-Key Decision:</b>   | Key  |
| <b>Open or Part/Fully Exempt:</b><br><small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open   |
| <b>List of Appendices:</b>  | None   |
| <b>Background Papers:</b>   | None   |
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## 1.0 Executive Summary

- 1.1 This report sets out the funding challenges currently facing the delivery of the South Kilburn medical centre and seeks a further contribution of £600,000, in addition to the Strategic Community Infrastructure Levy (SCIL) previously agreed by Cabinet.
- 1.2 Cabinet agreed in April 2020 a SCIL contribution of £3.47 million for the 3 medical centres proposed in growth areas (Wembley Park, Grand Union, and South Kilburn). The funding was towards the physical fit out of the medical centres. The South Kilburn contribution was agreed at £1,104 million. A funding agreement was subsequently entered into with the then CCG.
- 1.3 The Integrated Care Partnership (ICP) now advise that due to the increase in costs the South Kilburn medical centre is no longer viable, with a viability gap of £1.2 million. The ICP have agreed to contribute half of this, if the Council agrees to match fund this at up to £600,000 from SCIL.

## **2.0 Recommendations**

- 2.1 That Cabinet agree an additional £600,000 from SCIL towards the infrastructure fit out costs for the medical centre, subject to an amended funding agreement.

## **3.0 Detail**

### **3.1 Cabinet Member Foreword**

- 3.1.1 The South Kilburn medical centre is an important part of the social and community infrastructure being provided as part of the estate regeneration programme. It will help improve health outcomes for all the residents in the area. The population on the estate will almost double by the end of the programme. The medical centre is part of the masterplan development and the planning permission for the Peel scheme. The pressures on construction at the moment are recognised, and the matched contribution from the ICP welcomed. SCIL is intended to support infrastructure provision linked to growth and development, which this proposal does.
- 3.1.2 This medical centre will contribute to the Borough Plan objective of 'A Healthier Brent', specifically the desired outcomes of tackling health inequalities, and localised services for local needs.
- 3.1.3 The Local Plan identifies South Kilburn as a growth area, with a need for social and community facilities. The South Kilburn masterplan SPD identifies need for a medical practice in the estate regeneration area. The Inclusive Growth strategy recognises the need for people to be able to access health facilities.

### **3.2 Background**

- 3.2.1 Planning permission was granted for a medical centre within the Peel development and was part of the Development Agreement with Countryside (Vistry) who are building out the scheme, including the medical centre to shell and core. This is currently on site, with handover to PHP (the operator) to fit out in autumn 2023 and for handover to the Kilburn Park Medical Practice in 2025, and for the provision of enhanced services provided by the Kilburn GP Co-operative primary care network. Outline designs for the fit out have been completed and the negotiation of the occupational heads of terms with the third-party operator, Primary Health Properties (PHP) are underway.
- 3.2.2 The Integrated Care Partnership (ICP) have approached the Council with an additional SCIL ask for the South Kilburn project. This has arisen because the combination of interest rate rises, rental levels that can be achieved and construction build cost inflation, has made the project unviable.
- 3.2.3 The projected viability gap is £1.2 million. The ICP has agreed to fund half of this gap if Brent uses SCIL funds for the remaining £600,000.
- 3.2.4 The principle of making a SCIL contribution to support the provision of a medical centre to enable the relocation of the existing Kilburn Medical Practice has been

accepted as compliant with the SCIL regulations, and the principle of the initial contribution was agreed at Cabinet in April 2020.

3.2.5 The ICP state that it is not possible to continue with the delivery of the current scheme as it is economically unviable. The developer is on site, building the medical centre to shell and core. If the funding situation is not resolved, the third-party operator will not take on the medical centre and alternative uses for the premises would need to be found. This would require an amended planning permission.

3.2.6 The new medical centre is part of the South Kilburn regeneration programme and failure to secure it would impact on the quality of the primary care offer for residents (the Kilburn Medical practice are currently in temporary accommodation with no alternative long-term home), and the Council's reputation.

#### **4.0 Stakeholder and ward member consultation and engagement**

4.1 This has been discussed with the ICP directly, and with the Integrated Care Partnership Director who is supportive of the additional SCIL payment.

#### **5.0 Financial Considerations**

5.1 The current high inflation and high interest rate economic environment is adversely impacting many capital projects being delivered by both public and private sectors, with viability being brought into question as is the case for the South Kilburn Medical centre.

5.2 Financing capital projects is a significant challenge for the council where borrowing is the primary source. However, the council's contribution to the build of the of Medical Centre is being funded through the use of Community Infrastructure Levy where the council holds sufficient balances to accommodate the request.

5.3 Nevertheless, an increased contribution for this project in turn results in less funding being available for future requirements for infrastructure in the borough.

#### **6.0 Legal implications**

6.1 CIL is a charge which can be levied by local authorities on new development in their area and helps them deliver the infrastructure needed to support development. It can be used to fund a broad range of facilities including health facilities. A new medical centre in this growth area has been identified as a required piece of infrastructure.

#### **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

7.1 The provision of enhanced medical facilities in the area will benefit all residents, with improved access to a greater range of medical services.

## **8.0 Climate Change and Environmental Considerations**

8.1 As a new build, the medical centre will be energy efficient. It is within easy reach of public transport. Once the District Energy Network is completed, the medical centre will connect to it.

## **9.0 Human Resources/Property Considerations (if appropriate)**

9.1 None applicable

## **10.0 Communication Considerations**

10.1 Once the medical centre is opened, there will be some opportunities for communications.

Related documents for reference:

Cabinet report 20 April 2020 - Capital (CIL) Contribution towards the Provision of Three Medical Centres

**Report sign off:**

**Zahur Khan**

Corporate Director for Communities and Regeneration