

Finsbury Health Centre: Key Findings

Revision1: 22/12/09 – Updated to include evidence taken from LiftCo, John Foster and Rachel Tyndall

Note: This document is a draft executive summary of the committee's findings. It is intended for discussion at the January meeting of the H&WB Committee, and will subsequently be supported by a full report, with every point cited supported where relevant by quoted and/or written evidence.

Overview:

Closing FHC would damage local healthcare provision and community health and wellbeing. PCT claims about the adaptability and fitness for purpose of the building are misinformed, as is their view about restrictions resulting from the building's listed status. The claimed costs to refurbish the building are based on a 'worst possible case' "informal estimate" of costs, and available options for funding a properly costed restoration project have not been explored.

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The headline "£1m per year" leaseback cost cited by the PCT cannot be substantiated.

There is also a likely 'hidden' cost of disposing of the building of around £5m, which has not been accounted for.

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Healthcare provision:

The PCT state that relocating the services in FHC to 7 different sites would provide "more choice".

Fact:- The PCT's proposals will fragment the current service offer at a time when

Government policy is to consolidate multiple services on fewer sites ('polysystems').

Fact:- FHC is the only healthcare building in the South of the borough large enough to accommodate multiple services, accommodate them flexibly, and with scope for expansion.

Access to services:

40% of patients use more than one service. These patients would have to attend different sites for different services, a significant health disbenefit.

Travel:

The majority of patients who use FHC live in the South of the Borough. Some services are planned to be relocated to Hornsey Street or the Northern Health centre. Many patients will have to travel for up to 1 hour (depending on traffic levels) to access the relocated services, with the added risk that the most infirm simply won't travel, and those that do, have the increased risk of missed appointments due to travel delays. Also, professionals working in the Michael Palin Centre have stated that they prefer the location because of its easy national accessibility for patients via Kings Cross.

Fitness for purpose:

The PCT claim they cannot adapt the building for modern requirements, that it cannot be brought up to the standard for infection control, and that basement space is unusable due to lack of daylight.

Fact:- Lubetkin knew healthcare needs change, and designed the building so that all internal walls can be easily moved to adapt to new requirements. English heritage are happy to allow alterations to enable the building to continue in use as a health centre.

Fact:- Infection control involves fitting the correct cleanable surfaces, and providing a 'clean and dirty' room for stores and contaminated sharps, etc. This is all conventional medical fitout work. There is nothing about FHC which would prevent this from being designed and installed.

Fact:- English heritage would welcome the introduction of high level windows to the basement if it helps to maintain the building in its intended use.

Condition of the building:

The PCT have issued photos suggesting that the building is in an advanced state of decay.

Fact:- Structural engineer and architect's professional view is that whilst the building is suffering from significant neglect, having had no maintenance at all for 15 years, structurally it is sound, and in good condition. It does not suffer from 'concrete cancer' or any other costly structural problems.

The building is Grade I listed.

The PCT claim that because the building is listed they are "severely restricted" in making alterations, and have claimed they can't even put a nail in the wall without permission.

Fact:- The building is not an ornament. It is well designed, but built out of conventional materials which are easy to maintain. English Heritage state that the main reason for listing is its historical status as the world's first polyclinic, and a precursor of the NHS. English Heritage are happy to agree to significant alterations if those alterations enable the building to continue in its intended use.

Fact:- Planners would be happy to negotiate a 'conservation agreement' with the PCT which would identify the parts of the building which could be altered without permission, making everyday maintenance and alterations as straightforward as an unlisted building.

Fact:- Alec Forshaw, an undisputed expert on conservation of the building, has stated that there is "no internal fabric of any intrinsic interest".

Access to the building:

The PCT claims it is not possible to achieve disabled access.

Fact:- The building has ramped access to the main entrance, which is completely non-discriminatory and DDA compliant. Internal partitions can be moved or reconstructed as necessary to allow compliant wheelchair access within the building.

Requirement for a lift:

The PCT claim that English heritage won't let them install a lift.

Fact:- Planning permission was granted in 1996 to install an internal lift opposite the entrance doors, and English heritage and Islington planners would be happy to renew this permission.

Community health and well being:

Staff and patients are proud and passionately fond of the building, with a strong sense of community ownership. Staff turnover is low. Patients say they know all the staff, who recognise them, and that this makes them feel good going to FHC. Local community spirit is strong in Finsbury, and local people are already angry at losing their town hall, and do not want to lose the health centre that they see as 'theirs'.

Size of the building:

The PCT claim that FHC is not big enough at its current size of 2000m², and advise that the optimum size for a polyclinic is 3000m².

Fact:- Staff report that there is much unused space in the building at the present time.

Fact:- Combining FHC with the Pine Street site next door, which the PCT have already purchased, is estimated to provide a further 600m² of space. This development is modest, and on advice from Planning and Conservation officers, could easily be expanded to provide an additional 400m² to bring the available space up to Polyclinic requirements.

Fact:- Planners and English Heritage have also previously discussed extending FHC onto an old Greenspace depot to the rear of the building, which would also provide more space.

They would still be happy to see this happen, again, assuming this is to enable the continued use of the building as a health centre.

Overall it is clear that there is ample space available on the two sites adjacent to Finsbury Health Centre to allow it's expansion to the size necessary for a polyclinic.

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Pine street site:

The PCT are proposing to relocate GP surgeries to the adjoining site.

Fact:- Both GP practices do not want to be moved into a purpose-built building on their own, as this would make their ability to respond to future changes less flexible. One of them described the pine Street proposal as “a step down” from FHC.

Planning issues:

The PCT are proposing to relocate services to the adjoining Pine Street site, and also to a new development at St Lukes.

Fact:- The PCT have not consulted planners with regard to either of these sites. In the case of the Pine Street site, planners would only allow demolition if it was to enable the continued use of FHC as a health Centre, and the proposed development at St Lukes would appear to have stalled, and is unlikely to happen in the foreseeable future.

Leaseback charges:

The PCT state that the £9.1m cost of restoration would equate to a £1m per year for 25 years leaseback cost (ie £25m).

Fact:- Even if the project did cost £9.1m, conventional financing at 6% would only cost £690,000 p/a. The LiftCo have confirmed that their leaseback charges include 'maintenance and lifecycle costs at 40% of the total costs, which is 'normal' for a LiftCo procured facility.

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Build Costs:

The PCT state that it will cost £9.1m to restore FHC.

Fact:- The £9.1m build cost has been derived from an unsuccessful 'Stage 1' LiftCo costing exercise, which endeavoured to establish an 'Affordability Cap' for the project.

Fact:- The 'stage 1' process is a standard LiftCo approach to costing, which is intended to identify and include every possible type of cost and risk at the initial stage, and establish a "ceiling" for the cost of the project. Whilst this approach may be appropriate for new buildings, it is seriously risk-averse, and likely to generate disproportionately high initial estimates, as has happened in the case of Finsbury Health Centre.

Fact:- The current cost plan was sourced directly from a building contractor who is not a specialist in restoring historic buildings.

Fact:- The building was partly restored in 1996. The knowledge gained from previous restoration work not used to inform the current cost plan.

Fact:- The LiftCo have re-priced for all the restoration work carried out in 1996 on the basis that they "cannot warrant" the work, even though it was carried out by specialist contractors and closely supervised by professional specialists and English Heritage.

Fact:- Current professionally sourced cost estimates state a realistic build cost will be circa £5m. This figure has been confirmed by the architects and cost consultants who previously worked on the building, both of whom have specialist heritage and conservation experience.

Fact:- the cost plan was based on the feasibility study carried out by 'Sprunt' architects, which did not include any detailed specification of the works required.

Fact:- The building contractor who priced the work is a wholly owned subsidiary of the lead partner in the PPP. Therefore, the higher the cost of the project, the more profit the PPP makes on the lease-back. An issue of conflict of interest.

Deleted: Fact:- the cost plan includes errors, double-counting, unsubstantiated 'abnormal' costs, and three different types of risk, all percentage on top of each other.¶

Deleted: , including an entirely new roof with a life expectancy of 50 years. This work has not been identified or allowed for in the cost plan, and

Revenue costs:

The PCT state that the 'revenue cost' of restoring and retaining Finsbury Health centre would be £400K p/a, measured against an equivalent amount of newly built space.

Fact:- This is based on acceptance of their build cost estimate of £9.1m. An equivalent 'Lease Plus' LiftCo type leaseback of Finsbury Health Centre based on a realistic build cost of £5m would, pro-rata, cost £550K. At a realistic build cost, there is therefore no revenue cost to retain Finsbury Health Centre.

Maintenance costs:

The PCT appear to believe that Finsbury Health Centre will be more expensive to maintain, on account of its being a refurbishment, and a listed building.

Fact:- English Heritage have confirmed that the building is constructed from materials that are "not expensive or hand-crafted" and that they consider there is "nothing there that's difficult to maintain".

Fact:- Previous cost consultants on the building have stated "we do not believe that maintenance and running costs will be unduly excessive or abnormal when compared to a new building".

Funding:

The PCT state that the only funding option is via the Camden and Islington PPP 'LiftCo'.

Fact:- Camden and Islington LiftCo have already stated that they are "unable to progress the project further", breaking any 'exclusivity' ties which might otherwise obstruct an alternative approach to procurement. They have also indicated that they are supportive of any approach with achieves the "objective of refurbishment", and would be prepared to leaseback a refurbished building, even if they had not themselves carried out the refurbishment works.

Fact:- A charity specialising in the restoration of historic buildings, called the 'Heritage of London Trust Operations' (HoltOps) is ready, willing and able to take on the restoration of the building, and subject to transfer of the freehold of the building to them, is better placed to source grant funding because of its charitable status. They are bullish about raising the necessary funds, and could also leaseback the completed building.

Fact:- English heritage state that a more robust case for grant funding can be made if the building stays in its original use.

Valuation and disposal costs:

The PCT's current valuation of the building in use is £2.8m, and for disposal £1.

Fact:- PCT estimates show that it will cost £7.5m to restore the building for sale, and that it will be worth £5m once restored. If the PCT were to dispose of the building, it would be worth not £1, but minus £2.5m, which will be a cost to someone. The LiftCo have also confirmed that their valuation advice indicates the market value of the building will be "substantially less " than their estimate of likely refurbishment costs.

Fact:- If the building is abandoned, the PCT will be relinquishing the building's current value (£2.8m) , and will probably have to meet the negative valuation (-£2.5m) to persuade a new occupier to take it on. The cost of disposal would therefore appear to be £5.3m (almost exactly what it would cost to refurbish).

Fact:- The disposal cost has not been included in PCT calculations.

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Cllr Martin Klute

Chair: Health and Wellbeing Scrutiny Committee

22/12/2009