

Stakeholder briefing

18 July 2024

The NHS in Devon has confirmed that plans for a new Health and Wellbeing Centre in Teignmouth are no longer likely to proceed – the cost of the building has more than doubled due to spiralling construction prices and increases in the cost of borrowing since estimated costs were published in 2020.

When the NHS consulted on plans to relocate the most well-used services from Teignmouth Community Hospital to a new health and wellbeing centre in the middle of town in autumn 2020, the estimated cost was about £8 million. Current cost estimates for the building are about £19 million.

Construction costs have escalated significantly between 2020 and today, during which time the project has been beset by several delays.

The plan was for the upfront capital funding needed to build the centre to be provided by the developer. The developer would then grant a head lease to Torbay and South Devon NHS Foundation Trust (TSDFT) and would see a return on their investment over the term of the lease through the rent. TSDFT would sub-let part of the building to the town's main GP practice, Channel View Medical Group, and a local voluntary sector group.

On 18 July 2024, NHS Devon is due to publish agenda papers for the meeting of its Board on 25 July. The papers will recommend that limited capital resources designated for urgent remedial work across the NHS estate in Devon are not diverted to the Teignmouth Health and Wellbeing Centre project. The capital pot is already inadequate to cover the cost of essential remedial works and other high priority schemes.

On 26 July, agenda papers will be published ahead of the meeting of Torbay and South Devon NHS Foundation Trust's Board which will seek to endorse the recommendation made to the NHS Devon Board.

If members of the Boards approve the recommendations, it will bring an end to the Teignmouth Health and Wellbeing Centre project in its current form. Importantly, it will also allow the NHS to fast-track work to support Channel View Medical Group, which was due to relocate from its two town centre bases into the new building. A solution is urgently needed as the lease on one of Channel View's sites – in the Den Crescent – ends on 31 March 2025.

NHS Devon, which is responsible for commissioning general practice, has a legal duty to ensure local people have access to general practice services is committed to finding a sustainable future for primary care in Teignmouth.

Between 2020 and now, construction and borrowing costs have increased dramatically as a result of the pandemic and changes in financial markets.

Footing the cost of developing two complex and detailed schemes for the two planning applications (see below) also increased the cost of the project overall.

Multiple challenges have delayed development of the health and wellbeing centre. The delays in the project mainly stem from the following:

NHS pandemic response

The pandemic response had an impact on progress as resources were focussed towards responding to the pandemic within the NHS.

Planning process and pre-election period at Teignbridge District Council

As a district council, Teignbridge District Council (TDC) has a statutory responsibility as the local planning authority.

- Plans for the building on the original plot in Brunswick Street were developed by Torbay and South Devon NHS Foundation Trust through a long engagement process with the planning authority and landowner – TDC – in 2020. A conservation and heritage report effectively ended the scheme in April 2021 by saying the planned building was too big for the site.
- In September 2022, following a further period of extensive engagement with TDC, new plans were submitted for a centre on a different plot on the same site in Brunswick Street after the hotel that was originally due to develop it scrapped its plans due to the pandemic. The design process was restarted and negotiations on the application were complex.
- A planning committee decision on the application had to be delayed due to the pre-election period for Teignbridge District Council in spring 2023. The authority's planning committee approved the application in the summer of 2023.

The design development period was protracted partly due to the complex and constrained town centre sites, which are situated within a flood plain. It effectively means that essential services could not be provided on the ground floor.

Statutory scrutiny work by Devon County Council's Health and Adult Care Scrutiny Committee (OSC)

In December 2020, following full public consultation, Devon CCG approved the relocation of the most-used outpatient clinics from Teignmouth Community Hospital to the new Health and Wellbeing Centre. The CCG also decided to continue with the community-based model of care in the area and relocate other services from the hospital to the modern Dawlish Community Hospital.

During any change project, the NHS works with the local Health Overview and Scrutiny Committee. The committee is made up of elected Devon County Councillors, who represent local people and their views.

The primary aim of health scrutiny as stated in [Government guidance](#) is to strengthen the voice of local people, ensuring that their needs and experiences are considered as an integral part of the commissioning and delivery of services and that those services are effective and safe.

As part of its statutory scrutiny role, Devon County Council's Health and Adult Care Scrutiny Committee (OSC) has considered the issue at a number of its meetings. A summary of OSC activity in connection with the project is set out below:

- In **January 2021**, members of Devon County Council's Health and Adult Care Scrutiny Committee (OSC) first voted on a proposal to refer Devon CCG's decision on service changes to the Secretary of State – the motion was not passed.
- In **March 2021**, OSC members held another vote and a motion to refer the CCG's decision to the Secretary of State was passed. Between March and November, the OSC clarified aspects of its referral to the Independent Reconfiguration Panel (IRP), who, in November 2021, announced they would investigate the OSC's referral.
- In March 2022, the IRP and Secretary of State found that the CCG had consulted adequately and made a series of recommendations – see Appendix 2.
- In **June 2022**, the OSC held another vote on re-referring the CCG's 2020 decision, which was not passed.
- In March 2023, members started a process to look at re-referring the decision to the Secretary of State. This process continued through to **January 2024**, when a proposal to re-refer was not passed.

Uncertainty always makes delivering projects more difficult with developers and funders and TSDFT was unable to proceed with building the centre while a potential re-referral to the Secretary of State hung over the project. This is because, if the decision had been referred by the committee and the Secretary of State had overturned the CCG's decision, TSDFT would not have been able to relocate services from the hospital and would potentially be risking spending money on a building it might not be able to use for its services.

The current position

The overall capital costs of the project have now made it unaffordable to the local NHS system, where capital spending is strictly limited and has to be carefully used across an aging estate.

Work to safeguard GP services in Teignmouth

In 2020, the partners in one of Teignmouth's GP practices (Teignmouth Medical Practice (TMP)) wished to retire, and one of the other practices in the town, Channel View Medical Group, agreed to take over their contract and the lease on TMP's Den Crescent premises. The practice, which retained the name Channel View Medical Group, agreed to take on the contract to safeguard continuity of care for the local population. This decision was made on the understanding that the practice would be able to move into the new health and wellbeing centre and that the financial and operational limitations arising from the outdated existing buildings would be short-term.

At the time, it was made clear by the landlords that the practice would need to exit the premises when the lease ends in March 2025. The building itself would need significant investment to bring it up to the required standards for modern medical care.

With the health and wellbeing centre due to be stood down, a new solution needs to be found.

NHS Devon, which is responsible for commissioning primary care in the county, has been working with the practice to explore alternative arrangements to ensure the continued availability of GP care in the town. This will involve developing options and will be a challenging process in the short time frame. It is likely a short-term solution will be put in place while options for a longer-term solution are developed.

For now, NHS Devon is not intending to share details of the short-term options as they are commercial in confidence but will share further information as soon as possible.

In the meantime, Channel View has reassured its patients that all services continue as normal from all sites and that patients will continue to receive the same warm welcome and high standards of care from the practice team.

Steve Moore, Chief Executive Officer of NHS Devon, has apologised to the practice's patients and staff but has reassured them that the NHS has a legal duty to ensure local people have access to general practice services, adding that he was absolutely committed to finding a sustainable solution and creating a brighter future for primary care in Teignmouth.

A media statement is due to be published on the websites of NHS Devon and Torbay and South Devon NHS Foundation Trust on 18 July.

[cont]

Q&A

1. Does the 2020 decision by Devon CCG on continuing with the community-based model of care in the area and relocating services from Teignmouth Hospital to the planned new health and wellbeing centre and Dawlish Community Hospital still stand?

Yes. This means the NHS will continue with the successful model of community-based intermediate care in the local area. The previous decision to establish 12 rehabilitation beds at Teignmouth Community Hospital, has still been formally reversed, meaning no beds are planned for the hospital.

The NHS can also relocate the agreed outpatient clinics and the day case procedures to Dawlish Community Hospital.

2. What is happening to the Torbay and South Devon NHS Foundation Trust services that were due to move to the new health and wellbeing centre?

These will remain at the Teignmouth Hospital site at present while the trust looks to identify a suitable alternative location for them in Teignmouth. TSDFT needs to make sure any new location for these services is modern and fit for purpose as well as being accessible for local people.

3. What is happening to the Torbay and South Devon NHS Foundation Trust services that were due to move to Dawlish hospital?

They will move to Dawlish Hospital as originally planned and approved in the 2020 consultation however a date for the move has yet to be agreed.

4. Will the reopening of Dawlish Minor Injuries Unit affect the proposed move of services from Teignmouth Hospital to Dawlish Hospital?

No. Dawlish Minor Injuries Unit reopened in April 2024 and runs Monday to Friday 8am-5pm.

5. Is TSDFT going to sell Teignmouth Hospital site?

Once TSDFT has identified a suitable alternative location for its services in Teignmouth, it will make a decision on the Teignmouth Hospital site. The former hospital site is over 70 years old and poorly adapted for modern healthcare needs. The first floor is no longer in use following a recommendation from Devon and Somerset Fire and Rescue Service due to concerns about evacuation in the event of a fire. It would require significant financial investment to upgrade the building as would any proposal to redevelop the site. The trust has to ensure that any facilities from which it delivers services are fit for purpose and cost effective.

TSDFT will continue to engage with the Teignmouth community on future plans for the hospital site through the Teignmouth Community Stakeholder Group.

6. What is happening to services run by Channel View Medical Group?

All services continue to function as normal and patients should continue to contact the practice and attend appointments as normal. NHS Devon, as the commissioner of primary care in Devon, will work intensively with Channel View on alternative sustainable arrangements for the practice accommodation. Further details will be shared with patients once they are confirmed.

7. Can the GP practice move to the hospital site?

This is unlikely given the issues identified above with the hospital site, but all options are now being considered given that the lease on the Den Crescent site ends next March. Moving the GP practice to the hospital site on a temporary or permanent basis would require significant financial investment, would take services out of the town centre and would make split-site working even harder for the practice.

8. What proportion of the health and wellbeing centre would have been used for primary care?

The overall size of the proposed building is 2,654m². The GP practice would occupy 59% (1,483m²); the Trust 39% (929m²) and the balance for a retail unit.

9. What were the planning issues that were encountered?

The design development period was protracted partly due to the complex and constrained town centre sites which are situated within a flood plain. It effectively means that essential services could not be provided on the ground floor. The first town centre site (Brunswick 1) was developed through to planning where it was advised that due to the size and height of the development it would be refused.

A second plot (Brunswick 2) became available next to Brunswick 1. This meant having to restart the design process which inevitably incurred further costs and took more time during negotiations with the site owners and planning authority, TDC.

10. How much money has been spent on the project to date?

The project was given £1.1 million from NHS England's Estates and Technology Transformation Fund.

£850k of this was received by TSD towards the development costs has been fully expended. This includes the abortive design costs of the Brunswick 1 site to full planning application, a reprofiling of this original scheme to fit within the Brunswick 2 land option and submission of the second planning application and response to queries.

£250k was assigned to Channel View and was invoiced directly by the development partner to support the costs associated with the second planning application – and has been fully used.

These, along with project lead costs are in line with the commercial agreement terms for the scheme. As the project changed and developed over time, these costs increased.

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