



<b>Report to:</b>	Humber & North Yorkshire Integrated Care Board
<b>Date of Meeting:</b>	10 May 2023
<b>Subject:</b>	<b>Catterick Integrated Care Campus Scheme (CICC) – Full Business Case</b>
<b>Director Sponsor:</b>	Amanda Bloor, Jane Hazelgrave
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**STATUS OF THE REPORT:** *(Please click on the appropriate box)*

Approve  Discuss  Assurance  Information  A Regulatory Requirement

**SUMMARY OF REPORT:**

- 1.1. At the meeting of the Humber and North Yorkshire Integrated Care Board (HNY ICB) held on June 22nd, 2022, Board members approved the Outline Business Case (OBC) for the Catterick Integrated Care Campus (CICC) scheme - a first of its kind integrated care facility delivered by the NHS and the MoD.
- 1.2. Approval of the OBC enabled the scheme to progress to the Full Business Case (FBC) stage
- 1.3. This paper is to present the Full Business Case for approval.

**RECOMMENDATIONS:**

Members are asked to:

- i) Approve this FBC in principle i) and subject to resolution of the following outstanding points before contract award:
  - Confirmation of the additional £9 million capital contribution from NHSE to the MoD via a Section 2 agreement with confirmed profiling of the capital.
  - Agreement between the NHS and MoD of the financial profiling of capital transfers (linked to confirmation of item above)
  - Confirmation of NHS England regional approval of the FBC with any recommendations incorporated within the final Full Business Case.

**ICB STRATEGIC OBJECTIVE** *(please click on the boxes of the relevant strategic objective(s))*

Realising our vision	<input checked="" type="checkbox"/>
Improving outcomes in population health and healthcare	<input checked="" type="checkbox"/>



Supporting broader social and economic development	<input checked="" type="checkbox"/>
Tackling inequalities in outcomes experience and access	<input checked="" type="checkbox"/>
Delivering our operational plan 2022/23	<input type="checkbox"/>
Developing our ICS	<input checked="" type="checkbox"/>

<b>IMPLICATIONS</b> <i>(Please state N/A against any domain where none are identified)</i>	
Finance	Requirement for £24.2m of NHS capital to contribute towards the Catterick Integrated Care Campus. One opened there will be c£0.2m additional running costs of the new facility.
Quality	Programme teams and subject matter experts have been engaged in a series of planning, co-design and stakeholder workshops to engage service leaders, understand opportunity, recognise challenge and consider how services may be re-shaped to design, build and develop a comprehensive, integrated primary healthcare operating model
HR	Transfer of teams into the new facility working in a new operating model.
Legal / Regulatory	As part of the development of the CICC a number of legal documents are required to provide protection and comfort to the parties and ensure robust agreement is reached and legally documented. The legal documents required for this scheme are: - <ul style="list-style-type: none"> <li>• Agreement for lease, linked to the provisions of the build contract to ensure contract performance.</li> <li>• Section 2 Contact – Agreement between the internal system on the structure/flow of funds</li> <li>• Headlease - The overarching agreement for the NHS space and the covenants of the Landlord/Tenant relationship</li> <li>• Sub Leases - Mirrored leases from the headlease to enable NHS PS to lease the space down whilst maintaining the control of the overall NHS Space to protect sub tenants.</li> </ul>
Data Protection / IG	It is anticipated that the NHS will use their existing systems initially. As part of the wider programme the ICB digital lead is working with partner organisations to develop the digital approach for the scheme aligned to each organisation's strategies. There is a workstream dedicated to delivery of this discrete element, as detailed in the management case section 6.2, which also explores the interoperability of NHS and MOD systems to maximise all opportunities to work collaboratively and maximise digital capability ahead of operational commencement
Health inequality / equality	In a drive to address and significantly reduce health inequalities, the CICC will deliver increased and improved services to both the residents of Catterick Garrison and to those living in the wider Richmondshire area; and it will enable the NHS to provide fully integrated care with colleagues from the MOD for the first time.
Conflict of Interest Aspects	n/a





## **1. INTRODUCTION**

- 1.1 This paper is to present the Full Business Case for approval.
- 1.2 The scheme is supported by a high-level Sponsorship Group which consists of national NHS and MoD Directors, regional NHS directors as well as local HNY executive and the North Yorkshire Place Director.
- 1.3 At the meeting of the Humber and North Yorkshire Integrated Care Board (HNY ICB) held on June 22nd, 2022, Board members approved the Outline Business Case (OBC) for the Catterick Integrated Care Campus (CICC) scheme - a first of its kind integrated care facility delivered by the NHS and the MoD. Approval of the OBC enabled the scheme to progress to the Full Business Case (FBC) stage
- 1.4. The OBC for the project was approved by NHSE region in March 2023 which enabled the scheme to progress to FBC with the preferred option for funding being NHS capital funding via a section 2 transfer to the MoD, subject to confirmation of capital availability.
- 1.5. Confirmation has been received that subject to the total capital cost remaining below £25m the NHS FBC will be reviewed at NHSE North East & Yorkshire and will not be required to go through NHSE Joint Investment Committee or Treasury approval process.
- 1.6. The NHS capital funding requirement of this option is £24.2m based on VAT recovery for the NHS element of construction under the structure of the agreement. This is in addition to the MoD capital requirement of £89.8m, supporting an overall capital scheme of £114m. The funds will be transferred by NHSE using a Section 2 Grant agreement. This will secure a 40 year right of use for the NHS.
- 1.7. Once the construction stage is complete, the MoD will own the building, charging a peppercorn rent to the NHS occupiers facilitated by NHSPS holding the head lease on behalf of the NHS.

## **2. BACKGROUND**

- 2.1. Catterick has a unique population profile in comparison to the rest of North Yorkshire, due to the sharp contrast between an elderly population living rurally and a density of young people living in more urban areas. 30% of the population live in Catterick town, which is the home to Catterick Garrison, the largest army base in the UK.
- 2.2. Housing growth and the rebasing of personnel and their dependents between 2021 and 2031 will see an increase in the local population of circa 10,000. This has been a catalyst in developing the project, to ensure services can respond to future demand through a coordinated approach.
- 2.3. Existing primary care providers have done much work to redefine pathways of care as a practice; as part of a primary care network; and with their local federation; but the reality remains that the estate is aged, overcrowded, and not fit for purpose. This combined with a growing population who experience greater health inequalities, has been central to designing a joint approach to transform primary care access in Catterick town.



2.4. There is a body of research and policy that recognises the variation in healthcare and the importance of commissioning high quality care for military personnel, their families, and veterans. This thinking sits at the heart of the proposed integrated scheme which recognises the increased health inequalities typical of a military population and found in Catterick including:

- the serving population, veterans, forces families and ‘camp followers’ with health needs characterised by obesity, drug and alcohol abuse, smoking, risky behaviour, chaotic lifestyles, poor lifestyle choices, homelessness
- a young population which has significant deprivation and a high level of dependency, and which therefore places a high level of demand on services for children
- an increasingly ageing, deprived population living in rural areas (isolation, fuel poverty, winter deaths, falls and a high level of social care needs)
- More than one quarter of children grow up in poverty in the Colburn, Hipswell and Scotton Wards in Catterick (27% of 2623)
- 27% of children from Reception age to Year 6 are obese and this figure is rising
- 60% of adults are overweight or obese
- Winter mortality rates are higher than the rest of England (27% versus an average of 22%)
- More than a quarter of people (28%) have limited access to public transport; and
- There are a significant number of veterans living in the area, some with a higher risk of mental illness and suicide and who experience loneliness and isolation, resulting in risky behaviours and poor lifestyle choices.

2.5. Due to the proximity of both primary and secondary schools which support children with special educational needs, the MoD often base families who have children with special needs, in Catterick rather than in any other army base in the UK.

2.6. The Armed Forces Covenant was established to remove disadvantage and to ensure that the whole armed forces community, including their families, receive the same health services and outcomes as the civilian community. The scheme affords the NHS and the MoD an exceptional opportunity to make a tangible difference to the health inequalities and barriers to access, experienced by this vulnerable population group.

2.7. **Key milestones** achieved so far include:-

Date	Key programme milestones
From 2015	Stakeholder and public engagement begins to support vision
Early 2016	Project Initiation Document developed
April 2020	NHS North Yorkshire CCG (NY CCG) formed
June 2020	NY CCG Governing Body approve Outline Business Case
February 2021	Tilbury Douglas appointed to deliver design and build phase
Summer 2021	Initial concept designs developed



September 2021	New programme of engagement commences for CICC
October 2021	Confirmation to 'Develop the Preferred Option'
22 March & May 2022	Public events to view design concepts
May/June 2022	Planning submission and site preparation works commence
<b>June 2022</b>	<b>ICB approval of OBC</b>
Summer/Autumn 2022 / Winter 2023	Finalisation of capital requirements and costs
March 2023	Verbal commitment from NHSE to provide additional £9m capital
March 2023	Approval of NHS OBC by NHSE regional team
April 2023	MoD FBC approved by Joint Investment Committee
<b>May 2023</b>	<b>NHS FBC presented HNY ICB for approval</b>

### 3. ASSESSMENT

- 3.1. **Benefits to the population and system.** As set out at OBC approval stage, the benefits of the scheme, to both the population and the healthcare system are significant. Prevention and self-care sit at the heart of the clinical model and in the design of the building - the central atrium will be a community space where health promotion, social prescribing and healthy lifestyle support will sit alongside statutory services.
- 3.2. The economic appraisal of the project has been undertaken using the Comprehensive Investment Appraisal (CIA) tool as required by NHS England and Treasury. This sets out the costs and risk, how they relate to the benefits, and whether the investment will achieve value for money.
- 3.3. A comprehensive benefits assessment and a benefits realisation plan are included in the CIA and FBC. Initial modelling has shown significant specific benefits are anticipated from improvements in treatment of coronary and vascular disease through a multi-disciplinary approach and potential to improve treatment for diabetes.
- 3.4. The contract held with delivery partner Tilbury Douglas also includes social value elements which are designed to enhance investment in Catterick and Richmondshire through use of local small and medium enterprises and employment initiatives. These are also recognised in the economic analysis. The table below summarises the output of the economic modelling and confirms a ratio for the preferred option (OPT5B\_CIA4) of 5.74. This is an excellent ratio for a primary and community care investment.





	OPT2_CIA1	OPT4C_CIA2	OPT4D_CIA3	OPT5B_CIA4	OPT5C_CIA5
<b>Summary (Discounted) - £</b>	<b>Do Minimum</b>	<b>Separate new build NHS funded</b>	<b>Separate new build 3rd party developer funded</b>	<b>Integrated new build with NHS grant funding to MOD</b>	<b>Integrated new build NHS funded</b>
Total Incremental Capital	£401,411	£26,704,511	£4,616,719	£26,163,196	£26,163,196
Revenue Costs	£0.00	£5,407,484	£19,335,581	£3,402,535	£3,402,535
<b>Total Incremental Costs</b>	<b>£401,411</b>	<b>£32,111,996</b>	<b>£23,952,300</b>	<b>£29,565,731</b>	<b>£29,565,731</b>
<b>Incremental Benefits</b>					
Incremental cost reduction - risks	£2,100	£7,686,940	£7,686,940	£7,686,940	£7,686,940
Incremental benefits (combined)	£0	£95,563,392	£84,302,274	£162,062,730	£162,075,278
<b>Total Benefits</b>	<b>£2,100</b>	<b>£103,250,333</b>	<b>£91,989,214</b>	<b>£169,749,670</b>	<b>£169,762,219</b>
<b>Risk-adjusted Net Present Social Value (NPSV)</b>	<b>£399,311</b>	<b>-£71,138,336</b>	<b>-£68,036,913</b>	<b>-£140,183,939</b>	<b>-£140,196,487</b>
<b>Benefit-cost ratio</b>	<b>0.01</b>	<b>3.22</b>	<b>3.84</b>	<b>5.74</b>	<b>5.74</b>

3.5. **Capital Funding Position.** In June 2022 the Board approved the OBC, supported by a capital contribution of £15.2 million as shown below.

	NHS Capital Funding Requirement 22%						Comments/Notes
	Prior Year	2021/22	2022/23	2023/24	2024/25	Total	
	£000	£000	£000	£000	£000	£000	
<b>Scenario 3 - Potential Funding Sources:</b>							
NHSEI Revenue Funding	(106)	(659)				(765)	Already transacted
Primary Care BAU Funding			(1,065)	(1,420)	(1,461)	(3,946)	Approx half of H&NY BAU funding 23/24 & 24/25
NHSEI Armed Forces				(500)	(500)	(1,000)	Confirmation via email
NHSPS (Re - Disposal proceeds)				(2,000)	(1,000)	(3,000)	Have discussed, requires written confirmation
ICS Capital Underwrite				(2,500)	(2,500)	(5,000)	ICB underwrite required to proceed to FBC
Revenue to Capital Transfer				(1,500)		(1,500)	Potential NHSEI revenue resource
	(106)	(659)	(1,065)	(7,920)	(5,461)	(15,211)	

3.6. Since June 2022, in line with cost of construction and inflationary increase, the NHS capital contribution to the build has risen to £24.2 million. NHSE has committed verbally through the Armed Forces Team to an additional £9 million capital to complete the NHS contribution, with written confirmation required. In summary the requirement for £24.2m capital will be sourced as follows:

	NHS Capital Funding Requirement Excluding VAT					
	Prior Year	2021/22	2022/23	2023/24	2025/26	Total



	£000	£000	£000	to 2024/25 £000	to 2026/27 £000	£000
-						
<b>NHSEI Revenue Funding</b>	(106)	(659)				(765)
<b>Primary Care BAU Funding</b>			(717)	(1,420)	(1,809)	(3,946)
<b>NHSEI Armed Forces</b>				(500)	(9,500)	(10,000)
<b>NHSPS (Re - Disposal proceeds)</b>				(2,000)	(1,000)	(3,000)
<b>ICS Capital Underwrite</b>				(3,500)	(2,000)	(5,500)
<b>Revenue to Capital Transfer</b>				(500)	(500)	(1,000)
	(106)	(659)	(717)	(7,920)	(14,809)	(24,211)

- 3.7. **Current Scheme Status.** Planning permission for the build was received from Richmondshire District Council in October 2022.
- 3.8. The Agreement for Lease terms are agreed, and negotiation of the headlease between MoD and NHS Property Services is concluded subject to agreement of some final terms for hard and soft facilities management services as MoD will be offering a fully serviced healthcare facility. The Section 2 Agreement terms are also concluded.
- 3.9. Discussions with the NHS occupiers to agree sub-leases have made good progress and these will be finalised, and signature will be completed in Summer 2023. The NHS occupiers include Harewood Medical Practice, Tees Esk & Wear Valleys NHSFT, Harrogate & Districts NHSFT, South Tees NHSFT, Yorsexual Health, Horizon North Yorkshire, plus touchdown capacity for third sector organisations and social prescribing.
- 3.10. A comprehensive communications and engagement strategy is in place and, once approval to proceed to Full Business Case is received, the next wave of engagement events will commence.
- 3.11. Demolition works to prepare the site began in March 2023 and, subject to gaining all necessary approvals, main construction works will begin in early 2024.

#### 4. CONCLUSION

- 4.1. The FBC details the strategic, economic, financial, commercial and managerial case for change in the implementation of the Catterick Integrated Care Campus Scheme.
- 4.2. The CICC is the first of its kind, a truly transformational scheme between the NHS and MOD to cater for a rebasing of personnel and their dependents between 2021 and 2031, as well as the expected growth in the general population due to housing. The scheme will be the blueprint for how services can be delivered across health and care economies and builds upon the





principles of the Primary Care Home (PCH) model of care whilst addressing the very discrete needs of this cohort of the population; military personnel, their dependents and veterans, to move away from fragmented and reactive care to holistic and preventative care which is truly person and family centred.

- 4.3. The preferred route has been in development over many years and has included engagement with stakeholders across health and the Ministry of Defence. The preferred option is to develop an integrated new build with NHS grant funding alongside MOD capital investment.

## **5. RECOMMENDATIONS**

- 5.1. The CICC scheme requires an approved FBC in order to progress to NHS England business case approval (and ultimately construction and completion.)
- 5.2. To ensure enough time for NHSE regional approval and to synchronise with the MoD approvals timeframe, signature of occupier contracts and final contract award will not be undertaken until August 2023. This provides an additional three months to resolve all outstanding issues noted above before final conclusion of the business case process.
- 5.3. An addendum of final changes will be brought to the ICB board prior to contract award to provide assurance that all outstanding issues have been resolved.
- 5.4. Members are asked to:
  - i) Approve this FBC in principle and subject to resolution of the following outstanding points before contract award:
    - Confirmation of the additional £9 million capital contribution from NHSE to the MoD via a Section 2 agreement with confirmed profiling of the capital.
    - Agreement between the NHS and MoD of the financial profiling of capital transfers (linked to confirmation of item above)
    - Confirmation of NHS England regional approval of the FBC with any recommendations incorporated within the final Full Business Case