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Dear Sir / Madam,

Merton New Local Plan: Inspectors' Matters, Issues and Questions – Stage 1 Hearings

This statement follows duly made representations by NHS Property Services (NHSPS) to the London Borough of Merton ("the Council") in respect of their New Local Plan. They follow on from representations made by NHSPS on:

Stage 1: October 2017 – January 2018

Stage 2: October 2018 – January 2019

Stage 2a: 13 November 2020 – 1 February 2021

Stage 3: 22 July 2021 – 6 September 2021

Introduction

The Council addressed some of the minor comments in our Regulation 18 representations in its Regulation 19 draft, as acknowledged in our Regulation 19 representations. Where matters set out in our Regulation 18 and Regulation 19 representations have not been addressed by the Council, we ask that the Inspector also pays full regard to those representations in their examination of the draft Local Plan.

Background

NHSPS is the freehold landowner of health facilities in Merton and detailed representations have previously been made in support of draft site allocations on NHSPS sites. This Statement has been submitted in response to the Examination of the Merton Local Plan Inspectors' Matters, Issues and Questions – Stage 1 Hearings.

Outstanding Matters

Matters relevant to NHSPS.

Matter 7: Does the Plan identify a sufficient supply and mix of housing sites, and are those identified for the five years after anticipated adoption deliverable?

Site Allocation Mi18 – The Wilson

Question 12

Given the lack of definitive proposals at this stage for the Mi18 Wilson Hospital site, and the apparent inter-dependencies with the development of other NHS Property Services landholdings in the area including Mi2, to what extent are the anticipated 5-year residential yields of these sites based on clear evidence?

Response

The Wilson Hospital site has a draft allocation under reference Mi18 and Birches Close under reference Mi2. Both sites are within the freehold ownership of NHSPS, and the principle of these allocations supported by NHSPS.

The Wilson Hospital site has an existing allocation within the extant LBM Sites and Policies Plan 2014-2024 (2014) under Site Proposal 20 (Wilson Hospital). The allocation states that 'The size and location of this site gives it potential for a range of community uses and/or some residential.'

The Birches Close site has an existing allocation within the LBM Sites and Policies Plan 2014-2024 (2014) under Site Proposal 21. It identifies the site as suitable for mixed use dwellings, community, and health. It notes 'If the Local Care Centre is to be located at another site, then the site has potential for community uses including education, and/or a nursing home, and/or residential.'

Both sites are also included as deliverable on Merton's most recently published Brownfield Land Register.

The above demonstrates ongoing planning policy support for the redevelopment of both sites to provide a range of uses which will help facilitate the delivery of a new health facility in this part of Merton.

Overarching NHS Commissioning Intentions and Background

Changes in the relationship between the local health and care systems provides an opportunity for a significant improvement to services in East Merton based around a specially designed and purpose-built Health and Wellbeing Hub in Mitcham.

The Council, NHS bodies and other agencies have long considered eastern parts of the borough of Merton, including Mitcham, as a focus for investment and regeneration, to counter the multiple deprivation and socio-economic exclusion that are found there (Merton Core Planning Strategy 2011, par. 12.3).

Between 2015 and 2019 considerable engagement work was undertaken with local agencies, patients, service users and the public to establish the needs of the Mitcham community. The engagement work demonstrated a compelling case for the creation of a centre which supports the health and wellbeing of the population by focusing on children's physical and mental wellbeing and the mental wellbeing of the adult population.

The Wilson Hospital Proposals

The current Wilson hospital does not provide a suitable experience for the East Merton patient population (c64,000) or the workforce. The building is tired, outdated and has been under-utilised for several years and does not enable best use of the land for NHS benefit.

To improve the patient experience and make the best use of this site, The Wilson Hospital has been selected as the preferred location to deliver improved patient services. The development will be health led, but also deliver new residential development. As freehold landowners, NHSPS will oversee and facilitate this process to guarantee best financial and social value for the NHS. This will help create a more efficient NHS estate, generating vital capital to reinvest in the NHS.

NHSPS will be working alongside NHS commissioners to deliver the proposals. Initial stakeholder engagement sessions have taken place and an options assessment identifying the Wilson Hospital as the preferred site for the new health facility complete. Business case planning is now underway with detailed design expected to be tendered by March 2023. Full Business Case approval is programmed for summer 2023, with project completion by February 2026.

Approach

To get the most out of the NHS estate and to enable excellent patient care, NHSPS follows an agreed procedure when exploring redevelopment opportunities across its portfolio. For the Wilson Hospital and Birches Close sites, this has involved our Portfolio Optimisation team working closely with Integrated Care Systems (ICSs) and Clinical Commissioning Groups (CCGs) to develop an estate strategy. This identified an opportunity to create a more efficient facility through the consolidation of underused or vacant space and assets.

The NHSPS Development Team are now progressing proposals for the Wilson Hospital and Birches Close sites, working collaboratively to manage professional teams, internal and external stakeholders to minimise project and financial risk while optimising value.

Planning Engagement – deliverable sites

Alongside NHS stakeholder engagement conducted by health commissioners, NHSPS have held informal engagement with Merton planning officers to understand town planning issues, leading to a formal pre-application meeting on 5 October 2021.

NHSPS submitted pre-application proposals for the Wilson Hospital site which included the partial demolition of the Wilson Hospital and ancillary buildings, with the original front element retained to allow for a new health facility. A mix of apartment blocks containing flats and townhouses were proposed on other parts of the site.

It was concluded that the principle of redeveloping the site with a large component being the provision of a new healthcare building and associated infrastructure alongside residential on other areas of the site, was consistent with the site allocation.

Officers were supportive of a healthcare and residential development; however, the healthcare component would need to be advanced to firmly establish the parameters including intensity of use.

As the sale value of the residential component will enable the redevelopment of the new medical facility, a legal mechanism was discussed as necessary and reasonable to secure the completion of the medical building prior to or alongside completion of the residential components. The precise wording of such a mechanism would be established during further pre-application engagement. NHSPS believe such an approach must be sufficiently flexible and allow for a pragmatic approach to planning across both Mi2 and Mi18.

The Birches Close proposals involved the conversion of The Birches building to accommodate flats, and the demolition of the remaining buildings to the rear of the site. Apartment blocks and townhouses were proposed across the remainder of the site. The existing healthcare services would be relocated to the new health facility located on the Wilson Hospital Site.

The principle of relocating existing healthcare facilities on site to the Wilson Hospital was considered acceptable, subject to satisfactory evidence demonstrating that the new healthcare infrastructure at Wilson Hospital would meet the long-term health needs of the local community. It was felt the residential accommodation would provide a welcome uplift to the Borough's housing targets and was supported. The relocation of medical services and new residential uses was consistent with its site allocation within both the current and draft Local Plans.

It is therefore clear that both the Wilson Hospital and Birches Close continue to be identified as deliverable and achievable sites, capable of delivering much needed new homes and modernised health infrastructure. There is significant momentum behind both sites with further pre-application engagement anticipated shortly.

Providing the draft allocation wording is amended to reflect proposed changes set out with our Stage 3 response, then the deliverability of both sites within a five-year period is achievable.

Following from the question immediately above, and in the light of NHS Property's Services' response at Regulation 19 on its approach to surplus land disposals are the criteria restricting redevelopment of the Mi2 and Mi18 sites until alternative facilities are built and operational justified? Would the criteria act as restrictions on the timely development and viability of the sites?

One key part of NHSPS's role is the efficient management and disposal of properties which are no longer required by the NHS for the delivery of services, ensuring that best value is achieved from any disposal, for reinvestment in the NHS. The decision as to whether one of our properties is surplus to NHS operational requirements resides with the local health commissioners, i.e., NHS England or the CCG. A property will only be released for disposal by NHSPS once commissioners have confirmed that it is no longer required, now or in the future, for the delivery of NHS services.

Since the formation of NHSPS, 507 sites have been sold by the national Transactions Management team across England, raising in excess of £420m. In parallel, NHSPS has directly invested more than £500m back into the NHS primary care estate. In addition to capital receipts, which are wholly reinvested back into the NHS to support and enhance service provision, the sale of these sites has released land for an estimated

6,607 housing units contributing towards Department of Health and Social Care national housing targets from the sale of surplus land, as well as contributing significantly to respective borough housing targets.

To achieve this, the NHS relies on a supportive planning system which facilitates the redevelopment of NHS sites to support the delivery of health infrastructure. Restrictive planning policies can prevent, or delay required investment in alternative facilities and could work against the Councils aim of providing essential services for the community. Indeed, draft Policy IN14.2 Social and community infrastructure sets out in parts f – g that the Council will support the provision of new or improved healthcare facilities in the borough, working in partnership with Merton's Clinical Commissioning Group and NHS England to meet the needs of Merton's projected population growth. Part g. specifically supports the principle of a new Health and Wellbeing Community Hub in Mitcham.

The criteria restricting residential development within site allocations Mi2 and Mi18 is clearly inconsistent with the aims of draft Policy IN14.2 and in addition, Policy S1 Developing London's social infrastructure of the London Plan (see Stage 3 response). As set out in our Stage 3 response, the release of Birches Close and residential development on the Wilson Hospital should be contingent on clinical capacity being maintained through relocation/reprovision of services when and where needed as identified by SWLCCG/ICS. Such an approach would be justified and sufficiently flexible to allow for the investment of capital into a modernised health facility. Further detail on this approach is set out below.

Funding and Viability

The Mitcham Health and Wellbeing Community Hub is identified as priority project in London Borough of Merton Infrastructure Delivery Plan (IDP) July 2021. The Infrastructure Delivery Plan – Schedule (2021 - 2026) of the IDP identifies sources of funding for the project's delivery, namely NHS, Government funding, and Planning contributions. Its important to understand that NHS and Government funding for new health care facilities relies significantly on generating capital from the sale of existing assets which are surplus to service requirements. The receipt from the land sale of the Wilson Hospital and Birches Close will be reinvested towards improving local healthcare services and reflects a wider strategy of rebuilding NHS infrastructure to meet modern standards of service delivery for the future. This will ultimately produce a fit for purpose, more cost-efficient estate, which enables better patient care within the Borough of Merton

The initial cost assessment for a new hub on the Wilson Hospital site, including external/facilitating development could range between £10 - £20 million. Recycled capital from the sale of surplus land released by the development and other South West London surplus land transactions, is broadly in line with the estimated cost of the scheme. There are several variables that will impact the overall ability to fully fund from capital recycling, and NHSPS are also exploring the potential for accessing CIL funding, which will most likely be required.

The funding strategy is based on the capital recycling of the total value of the Birches Close/Wilson Hospital sites, on the basis that these sites only become surplus if the proposal progresses. It's important to also note that while NHSPS disposal receipts sharing policy allows for a reinvestment of 50% of sales proceeds, the policy does allow for 100% reinvestment when the assets sold are on the same site as the new health care facility.

The Birches has a draft allocation under Mi2. The principle of the allocation of the site continues to be supported by NHSPS. However, we remain opposed to the suggested trigger that a new Mitcham healthcare facility must be built and operational before any residential redevelopment can progress.

It is understood that the Council require comfort that the long-term health needs of the local community can be met. As with the Wilson Hospital, NHSPS cannot dispose of land or buildings until declared surplus by NHS Commissioners or NHS England following a robust assessment of local health care needs.

The proposed allocation offers limited flexibility for the proper planning of health services and there is a risk the Birches Close Site could lie partially or wholly dormant, while the more complex Wilson site is developed then opened. This would result in unnecessary holding costs for the NHS and does not represent a good use of public funds.

Both the Wilson and Birches are individual development sites for planning purposes with their own specific site constraints. Delaying NHS consolidation strategies would neither assist the NHS with their strategic objectives, nor the Councils need to deliver housing.

There is a high risk that restricting any ability to commence work on the residential elements of the proposed disposal sites as declared surplus by CCG/NHSE (receipts from which the NHS will be dependent to fund the new health centre build) will mean the new health facility simply cannot be funded and delivered at all.

Any phasing restrictions which prevent a clean sale of any surplus or vacant site areas ahead of the new facility build start and/or dictate the phasing of the residential/health build will affect development viability and impact the funds available (and needed) to commence building the new improved health facility.

We would therefore request that the trigger point is removed or amended on both Mi2 and Mi18 to ensure the allocation is positively prepared.

Closing

NHSPS will work collaboratively with the Local Planning Authority with regards to the delivery of intentions for the CCG, across both the Wilson Hospital Site and the Birches.

We trust these representations are informative at this stage of the new Local Plan preparation and will be taken into consideration. Should you require any clarification on the issues raised in these representations, please do not hesitate to contact myself.

Yours sincerely,

Will Everson NHS Property Services