

MURPHY'S YARD

AN APPLICATION BY FOLGATE ESTATES LIMITED



NEEDS BASED ASSESSMENT FOR HEALTHCARE

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NEEDS BASED ASSESSMENT FOR HEALTHCARE

Murphy's Yard, Kentish Town, London, NW5



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Background

This report has been prepared having regard to known demand and anticipated future requirements for the provision of Healthcare services into this location in London Borough of Camden and Greater London.

Plans for delivery of Healthcare have had to be radically readjusted at short notice, to cope with the treatment of the Pandemic and the subsequent vaccinations programme, understandably taking total priority. Notwithstanding, the requirements identified below all emanate from the NHS and are known to be requirements, based principally on the enforced relocation of services.

Demand is difficult to ascertain in terms of NHS healthcare requirements at any time, but especially so during the sustained period of the Pandemic. Plans for delivery of healthcare have had to be radically adjusted to cope with the treatment of the pandemic and subsequent vaccinations programme understandably taking total priority.

Set against this backdrop, we have seen the introduction of a White Paper issued last month by the Secretary of State for Health indicating that Healthcare would move more towards an integrated care network or system. The likely impact is to heighten the demand from the NHS to provide additional and supplementary services especially having regard to the enormous backlog of procedures delayed, deferred or postponed due to the impact of the Pandemic over the last 15 to 18 months.

The Pandemic has highlighted significant shortcomings and deficiencies in our National Healthcare provisions, capacity and capabilities. These range from a shortage of intensive care beds, through to a shortage of overnight stay capacity, diagnostics, vaccination and testing facilities.

Murphy's Yard is conveniently sited in the midst of the London Borough of Camden in close proximity to the Royal Free Foundation Trust Hospital and is thus well suited to the dispensing of future healthcare provisions, particularly in the case of lower acuity requirements.

The successful collaboration between public and private healthcare service providers has been one of the better outcomes of the Pandemic. This has been evidenced by the positive comments made by the Secretary of State for Health and the leaders of the private healthcare providers in the UK working with the NHS.

The delivery of healthcare is ultimately a sensitive political issue, but the fundamental requirements rise above politics and should be considered in the context of a Community's needs and the deficiencies / shortcomings of existing provisions. In this regard we particularly refer you to the report published in October 2019 entitled The Independent Review of Adult Screening Programmes in England. This report prepared by Professor Sir Mike Richards, highlighted inadequacies and shortcomings of our Diagnostics and Imaging provisions in the UK. Amongst other facts the report highlighted that in 2017/18, 8% of women waited more than 3 Years (36 months), between breast screening appointments. If women are made to wait as long as, or longer than 36 months between screens, the risk of cancers developing and presenting symptomatically increase. The report highlighted that as a nation we rank 23rd out of the top 24 OECD Economies in the provision of Diagnostics. Put in a more domestic context, we need to double our National Diagnostics capabilities and capacity over the next 5 years.

In this regard, it should be noted that Central and North West London FT is re-tendering a Diagnostics Contract to a Private Provider, Healthshare, for delivery in 2023 onwards for the NHS. Ipso facto, identifying a need, a shortcoming in existing service provision and a solution, whereby Public and Private services combine to the benefit of the community.

Existing Supply

We have identified the existing supply of healthcare properties or consented schemes across Camden that would be relevant to the site. Given the enormity of the request having regard to the scale of Greater London, we have focused on the London Borough of Camden being the appropriate Borough.

We have assessed the supply of consented healthcare properties within Camden; it is extremely limited. Our research of the planning records has revealed three major consents referred to below. The locations are depicted in a plan attached as an addendum to this report.

It is not however the case that all of these schemes are guaranteed to be delivered or indeed that they will all be occupied by the NHS.

Recent work undertaken by Laing and Buisson indicates that of the Health services consumed by the NHS in 2019, 16% were provided by the private sector under direct and indirect contract to the NHS. Due to the capital required and employed in the delivery of healthcare being exceptionally high, it is likely that this figure will not change dramatically; it is most likely to increase due to the urgency of resolving the backlog of cases, post Covid 19.

In short, working to national Tariffs, the private sector has supported and contributed to the NHS service provision and will in our opinion continue to do so for the foreseeable future. Indeed, we consider that this contribution of service provision will but only increase due to the increasing costs of technology, rapid evolution and changes in technology, together with the ageing population adding to increasing pressures on the delivery of services by the NHS.

Having regard to the existing supply, we would make the following observations on the three major consents outlined below.

1. 70-86 Royal College Street, London NW1
We have been closely involved with the advice on the development and letting of the above. The building has been designed with specific regard to the requirements of Quality Trusted Solutions (QTS), on behalf of Central & North West London Foundation Trust (CNWLFT). Their proposed use is for geriatric rehabilitation but thus far, have been unable to sign a contract.
2. The UCHL Eastman Dental Hospital project has arisen as a result of an earlier asset disposal by the NHS and this represents a replacement Dental hospital.
3. Arthur Stanley House

This is a property held by the University College London Charitable Foundation. The building which we have inspected was previously used for orthopaedic rehabilitation but is generally unfit for purpose and is thus subject to mixed use redevelopment. This is in keeping with the location of the property, some distance from the UCLH.

In short, the use and occupation of the three major consented schemes are effectively already determined. Thus, there is no obvious and conspicuous supply of deliverable healthcare accommodation in Camden.

Current and Anticipated Demand

It is difficult to gauge demand, latent or actual for Healthcare space in the Central London property market by means of statistical support. Historically, D1 and C2 Healthcare space was seldom provided for within the local authority plans. In addition, the NHS demands, and requirements were frequently unknown to the general property market. To the best of our knowledge there are no statistics published which cover the NHS and private markets, that are publicly available.

Healthcare real estate demand is a response to societal needs, changes and political/governmental impetus bearing in mind the majority of our healthcare is delivered directly or indirectly through the NHS.

On 2 October 2020 the Department of Health & Social Care formally confirmed the Prime Minister's election pledge to expend £3.7 billion on 40 hospitals in the biggest Hospital building programme in a generation. These are to be delivered by 2030 and there is likely to be a further 8 schemes. This announcement in the form of a Health Infrastructure Plan (HIP) is a major hospital building programme in a general and was initially launched in September 2019 with a £2.8 billion investment that gave funding to 6 new Hospitals.

These included the Moorfields Eye Hospital and UCL Institute of Ophthalmology to be re-developed in Camden, coming from the City and LB Islington. It also included the redevelopment of the Hillingdon Hospital, North West London where a number of the Central North West London FT facilities are to be found. Other London projects included the rebuild of St Mary's Paddington and Hammersmith Hospital, together with floor by floor refurbishment of Charing Cross Hospital.

Beyond the NHS, medical charities continue to respond and work in support of Healthcare needs. Amongst others the Imperial Cancer Research Fund work closely with Hospitals and research institutes in Camden including the Crick. A wide range of other Medical charities are working closely with the Royal Veterinary College, the Royal Free and UCLH.

As regards more localised demand, we have previously highlighted, but schedule below specific known requirements. These are:

- A. Geriatric rehabilitation, 60,000 to 80,000 sq ft for Central and North West London Foundation Trust
- B. The Mary Wilson Dialysis and Renal unit, 20,000 to 30,000 sq ft for Royal Free FT,
- C. A community healthcare hub 20,000 sq ft Camden and Islington.
- D. A Fertility clinic 10 - 15,000 sq ft:
- E. A Diagnostics and imaging unit 15,000 to 20,000 sq ft for Central and North West London Foundation Trust.

As indicated, these requirements arise largely as a result of enforced relocation from St Pancras Hospital and from a shortage of capacity and fitness for purpose, of the existing facilities, particularly with regard to Diagnostics.

Regarding medical research requirements, again these are reactive to the needs and demands of the Healthcare and Life Sciences together with the availability of investment. It is however known that the Crick Institute requires additional space and has no surplus capacity within its existing facility. Similarly, the Wellcome Foundation, the British Library and the Royal Veterinary College are all seeking additional research capability and capacity in Camden.

With GSK recently moving 100 Scientists into Kings Cross, to further their research and capability in AI for Healthcare, this is further evidence of the suitability of Camden for Healthcare.

If Healthcare building and capacity, cannot be delivered in an appropriate and cost-effective manner within LB Camden, these Organisations have the ability to develop elsewhere either in their own right or in conjunction and partnership with other Institutions and Centres of Healthcare including other Boroughs in London, Oxford and Cambridge.

Demand Known Factors

Strong demand for healthcare real estate provision in London including the Harley Street medical Area, the Camden and Guys and Thomas' campus in Lambeth and Southwark et al, evidence private and public-sector demand outstripping supply. Whilst there may be capacity in terms of consented schemes, the reality is that demand is long dated and supply is traditionally slowly to respond, due to the complexities and costs of developing healthcare real estate in Central London.

Notwithstanding, we have highlighted above NHS demand in Camden and are aware of significant demand from the global private healthcare sector. The consent granted at Acorn House Marylebone to Merck SD for 200,000 sq ft of healthcare and life sciences development is ample evidence of demand in Camden. Other private Operators currently seeking facilities in Camden include Healthshare and HCA. From our experience we expect this demand to increase, having regard to the Global standing of the Knowledge Quarter which is firmly embedded in LB Camden.

Broader Healthcare demand across London includes several US Hospital operators and research centre: Johns Hopkins, Cedars Sinai, the University of Pennsylvania and the University of Pittsburgh amongst others. Equally, the supply pipeline in London includes the King's College / Guys / Thomas' campus together with aspirations for development at Whitechapel and North Quay Canary Wharf, amongst other locations. We do however foresee the immediate demand, relevant to Murphy's Yard, being localised and focused on community Healthcare needs in Camden, against a backdrop of Global operator interest. The services will be largely provided by the local Foundation Trust including North West and Central London, the Royal Free and UCLH.

To be able to pin down specific demand and to an extent future supply in the immediate area does rely upon knowledge of schemes in the planning pipeline. To the best of our knowledge, there are no immediately significant Healthcare developments planned for the Camden area, out with Murphy's Yard.

The Pandemic has completely altered attention and consideration towards the provision of Healthcare and Life sciences in Central London. Local Authorities, Investors, landowners, property owners and operators are all seeing a significant surge in interest from the entire Healthcare and Life sciences sectors. Murphy's Yard in the heart of Camden is uniquely positioned to appeal to a wide range of healthcare services and providers, in what is a deliverable development opportunity.

Appropriateness of providing Additional Healthcare in Camden

More Healthcare facilities are needed in the Borough, as there are significant problems relating to various Healthcare conditions in Camden. These include sexually transmitted infections (STIs). STIs in the borough, are reaching levels well beyond the national average. Although the council has allocated clinics to deal with this issue, the problem persists and is increasing.

In addition, Camden scored significantly below the average in England in a number of healthcare areas and conditions beyond STIs including Diabetes, Cardiovascular disease and new cases of TB.

Furthermore, the general wellbeing and life satisfaction of residents in the area is a cause for concern. The self-reported life satisfaction in Camden in 2019 / 2020 was estimated to be 7.27% below the London average of 7.54% and UK average of 7.66%. Camden has been consistently below the national average on this measure. In terms of a level of 'happiness', people in Camden (7.05) were less happy than the national average (7.48). There are many factors which contribute to this low wellbeing, such as low-income households, the increase in crime rates, social deprivation and access to different types of free Healthcare.

Relevant Healthcare Policies: London Plan 2021

Under Policy S2 Health & Social Care Facilities, the London Plan makes a number of prescriptions and recommendations. These require amongst other requirements, the identification of sites and development plans for the future provision of healthcare, particularly in areas with significant growth and/or under provision.

Under Clause 5.2.1, the Plan identifies the vital importance of maintaining and improving Londoners' quality of life through the healthcare services, recognising that an ageing population, complex long-term health conditions and an increasing population place greater demand on health services and facilities and thus require an integrated approach and the provision (Clause 5.2.2) of enhanced facilities to service these demands.

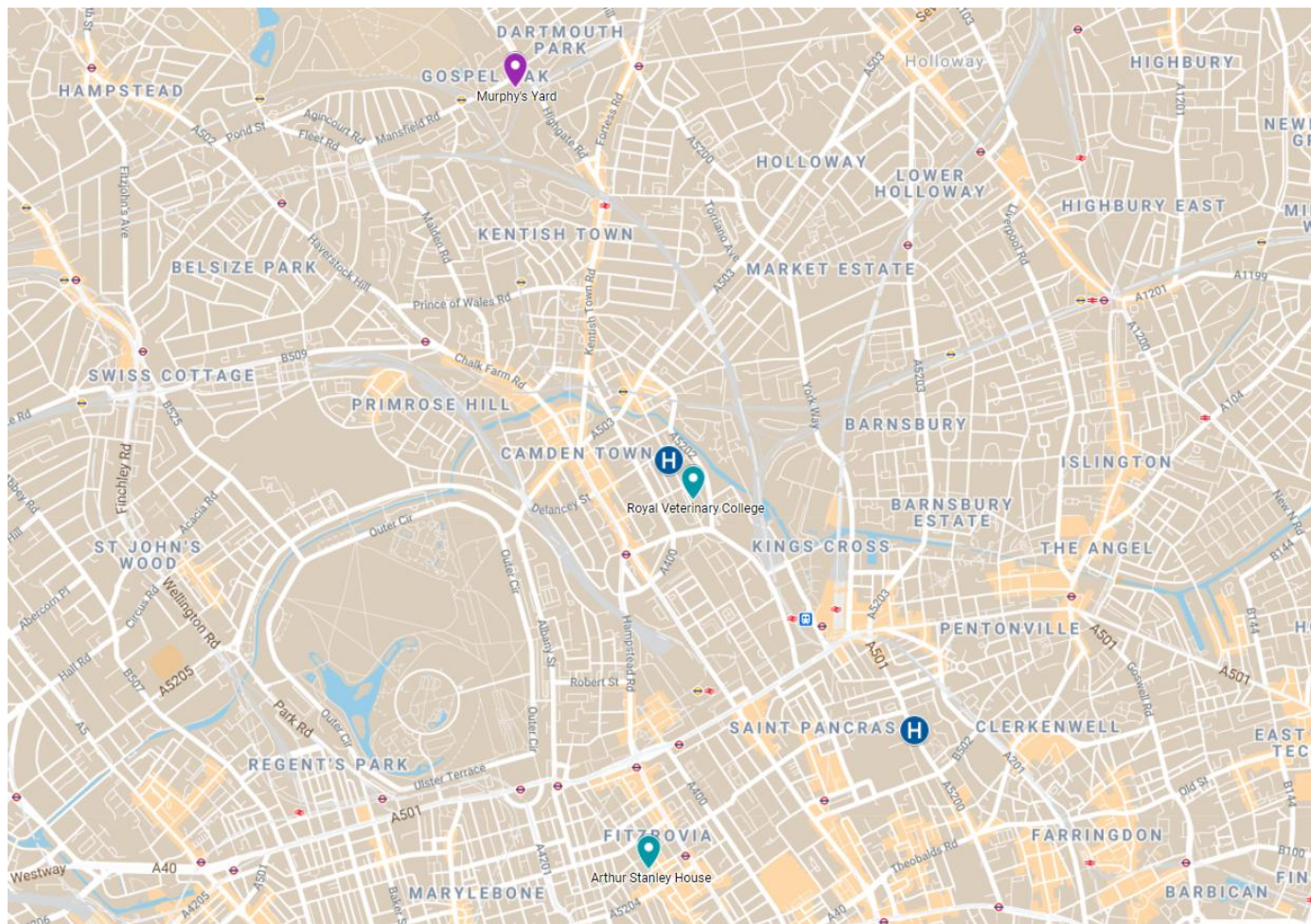
Above all else, the Plan recognises that these services must be accessible, in the heart of the new communities rather than in traditional Hospital settings. We consider that this site is ideally suited to one of the four types of health infrastructure provisions recognised by the Plan, being Community Healthcare covering a wide range of Diagnostics and Healthcare services including non-acute mental health services. We have already identified that Camden has a significant problems and shortcomings in this regard.

Under Clause 5.2.5, the Plan recognises the need for greater scale facilities operating from larger premises than is the norm at present, to service larger catchments. These will ultimately be not only more sustainable but will also work within the new integrated care systems transformation plans.

Summary

By any criteria, be it current NHS requirements, locally recognised healthcare issues or wider demand and limited supply, it is evident there is a known and proven need for increased enhanced healthcare provision in LB Camden. In our opinion and against this backdrop, the location of Murphy's Yard and its accessibility, strongly indicates that the inclusion of Healthcare, in the Master Plan is essential to the needs of the Community, now and in the future

Consented Schemes

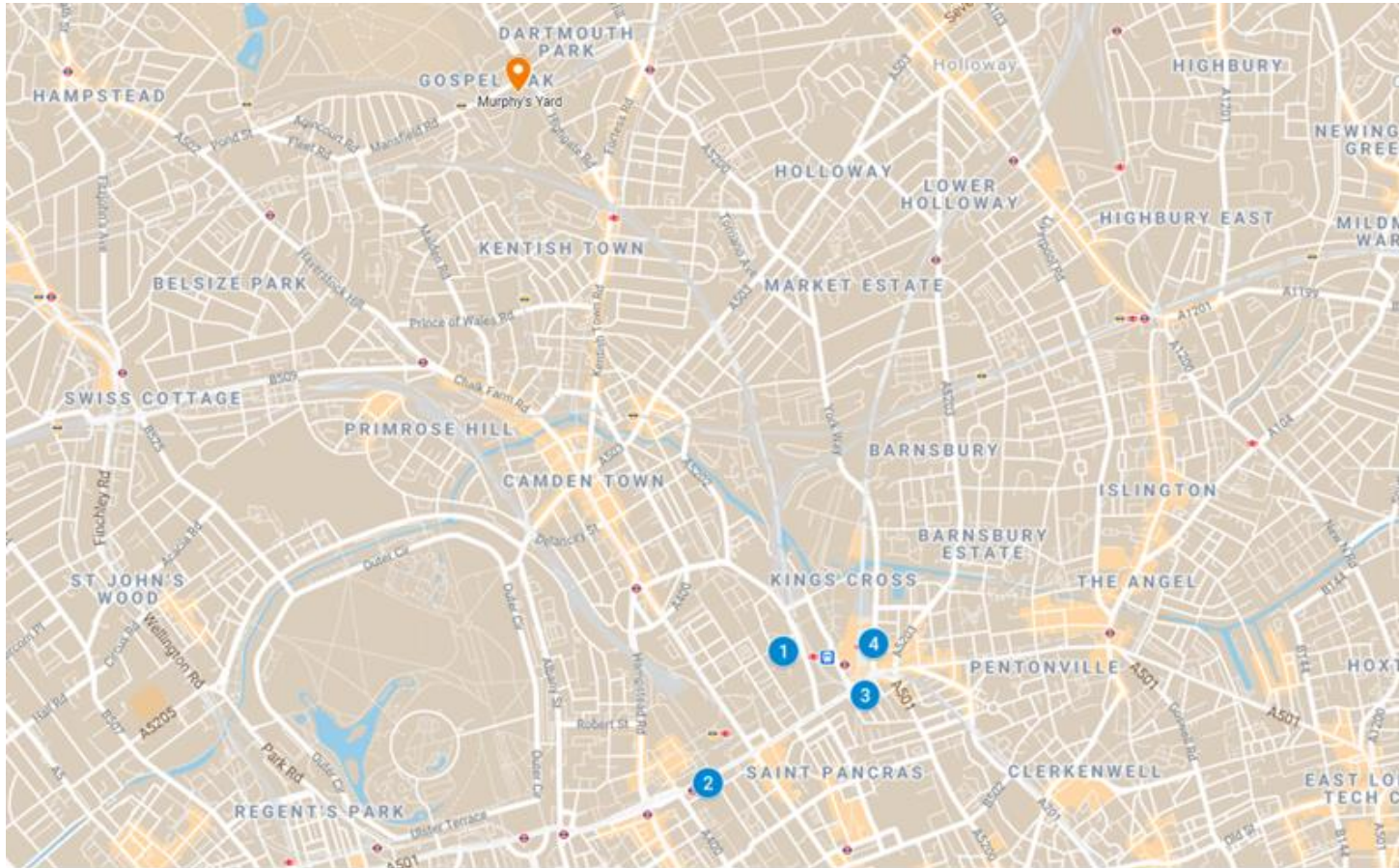


Key:

H – 70-86 Royal College Street, London NW1

H – The UCHL Eastman Dental Hospital project

Key Life Sciences Operators



Key:

- 1 - Francis Crick Institute
- 2 - The Wellcome Institute
- 3 - The New Merck SD
- 4 - GSK AI Hub