

Commissioning Board Paper

COM10/078

Delivering Health Services for the Population of Havant and South of East Hampshire

Executive Summary:

In September 2009 the NHS Hampshire Board unanimously decided that a new hospital building in Havant at a net additional cost of £3.7 million recurring revenue was no longer affordable. However, the Board reiterated its strategic commitment to improving local health services in an area of high deprivation and agreed that comprehensive reviews should be undertaken:

- to find alternative ways of provided local ambulatory (outpatient clinics, physiotherapy, podiatry etc.) services
- to determine how best to re-provide inpatient facilities for the population who would have been served by the community hospital; and
- to further engage with local people regarding minor injuries services for the community

At the Board meeting in January 2010, the Board reaffirmed its commitment to provide a range of locally accessible services for the population of Havant and South East Hampshire, without the need for a new hospital building on the Oak Park site. The Board confirmed that ambulatory care services should be based at Oak Park Children's Services and that a Stage 1 Business Case should be prepared for provision of the required new facilities.

Since January further planning has benefitted from considerable progress:

- in better understanding the views of local people
- in engaging local partners such as GPs, local authorities and NHS providers
- in involving elected members, voluntary and advocate groups and community representatives in discussions about the future

In July 2010 an update report to the Board indicated that the lack of a new building had led to some innovative and creative solutions being put forward, and to greater partner collaboration. These had led to development of new models of care which would:

- co-locate an increased range of local outpatient clinics with therapy services, x-ray, ultrasound and echo and rapid assessment for older people on the Oak Park site
- offer local bed based care on the Oak Park site for older people who have had an illness or injury
- offer local bed based care on the Oak Park site for older people with mental health problems
- ensure that local people have access to an appropriate range of urgent care services in the community, including development of enhanced primary care led minor injuries services

Set out in supporting papers is a summary of proposals for each of three main categories of service provision which have been reviewed. These are:

- Ambulatory care to be provided at a new Oak Park Community Clinic, subject to approval of the Stage 1 Business Case.
- Bed based care: preferred models for older people's reablement care and for older people's mental health care are presented for approval.
- Urgent care: proposals to commission a minor injuries service from local GP Practices and improve the models for minor injuries and GP out of hours service to be delivered at Queen Alexandra Hospital.

Actions Requested:

The Board is asked to approve the following recommendations in respect of Delivering health Services for the Population of Havant and South of East Hampshire:

- That the plans for the original Oak Park Community Hospital are discontinued and replaced with the following alternatives:

Oak Park Community Clinic

- To approve the Oak Park Community Clinic Stage 1 Business Case and to proceed to the development of a Stage 2 Business to be submitted to the Board for final approval, noting that the Stage 1 revenue implications are estimated at additional recurring revenue of £749,000 per annum.
- To delegate authority to the NHS Hampshire Management Team to enter into a lease agreement for children services office accommodation in line with the project programme, revenue implications estimated at £194,000 per annum which is included in the £749,000 above.
- To authorise the disposal of Emsworth Victoria Cottage Hospital and Redclyffe House when these services have been relocated.

Board members are advised that the Appendices to the Stage 1 Business Case amount to several hundreds of pages and so have not been circulated. These will be collated into a file, which will be available for inspection at the NHS Hampshire Headquarters and a full set will be brought to the Board Meeting.

Older People's Bed Based Care

- To note the developing new model for reablement beds to replace the intermediate care beds at Havant War Memorial Hospital, and
- To confirm that the preferred option for implementation of this model is to jointly commission with Adult Social Services reablement beds from a new nursing centre on the Oak Park site.
- To note the assessed financial benefits and costs arising from the new model include release of £0.5M recurring revenue and avoidance of future building maintenance and capital; charges totalling £270,000 per annum.
- To agree that an Outline Business Case should be prepared to take forward joint plans with Hampshire County Council for provision of a nursing centre and extra care facilities on the Oak Park site.

Older People's Mental Health (OPMH) Bed Based Care

- To note the developing new model of care for OPMH.
- To confirm that the proposed new nursing centre on the Oak Park site should provide the required elements of bed based care for OPMH as set out in Appendix B.

Urgent Care

Primary care based minor injuries service:

- To approve the commissioning of a minor injuries service, based on the specification detailed in supporting papers, from the 14 Practices within three miles of the centre of Havant.
- To note that the usage of the new service will be monitored and payments are estimated at a total cost of £40,000 per year, which will allow some 1,142 patients to be treated for minor injuries in local GP surgeries.

Re-modelling of urgent care at Queen Alexandra Hospital:

- To note plans are in place to implement the new model through the introduction of improvements in arrangements at Queen Alexandra Hospital with additional Emergency Nurse Practitioners and co-location of GP Out of Hours services; together with improvements in admission avoidance arrangements in South East Hampshire.

Aims Supported by this Paper:

- To ensure that services are improved for Havant and South of East Hampshire
- To assist the Trust to meet the challenges set by the economic downturn
- To ensure the best available pathway of care for patients
- To remove the uncertainties caused by putting the hospital plan on hold

The following strategies have been taken into account:

- NHS Hampshire - Transforming Community Services: Enabling New Patterns of Provision
- Hampshire Primary Care Trust – Healthy Horizons: Improving Health and Health Care for the Benefit of Patients and Public in Hampshire
- NHS Hampshire - Estate Strategy 2010/2015
- The Capacity Map for South East Hampshire
- Strategic Partnering Board - Strategic Service Development Plan (SE Hampshire)
- Joint Commissioning Strategy for Older People's Mental Health
- Transforming Older Peoples Mental Health Services in the South East Area of Hampshire
- SHIP Unscheduled Care Strategy
- Joint model of care for step down / reablement services
- Health Needs Assessment November 2009
- 'Our Health, Our Care, Our Say: A New Direction for Community Services

Corporate Citizenship, Equality and Diversity:

As part of wider engagement on future plans a full Equality Impact Assessment has been undertaken and is included at Appendix 19 of the Business Case.

Legal Implications:

On approval of a LIFT stage 1 business case, the Strategic Partnering Agreement details criteria that must be met by a LIFT Co in order to achieve Stage 2 Business Case approval, these are as follows:

- Stay within the Stage 1 affordability cap;
- Demonstrate that Value for Money has been achieved;
- Participants requirements have been achieved;
- Scheme is not a breach of Law.

If these are demonstrated and the scheme does not obtain Stage 2 Business Case approval, NHS Hampshire will be liable to cover all costs incurred by the LIFT Co in the development of the Oak Park Community Clinic scheme.

Author(s):

Inger Hebden, Director Capital Planning
James Bawn, Head of LIFT
Marie Preston, Project Manager

Board Sponsor:

Steve Bolam, Director of Finance

Date:

23 September 2010

DELIVERING HEALTH SERVICES FOR THE POPULATION OF HAVANT AND SOUTH OF EAST HAMPSHIRE

OVERARCHING PAPER

- **APPROVAL OF OAK PARK COMMUNITY CLINIC STAGE 1 BUSINESS CASE – APPENDIX A**
- **BED BASED CARE: PREFERRED MODELS FOR OLDER PEOPLE’S INTERMEDIATE (RE-ABLEMENT) CARE AND OLDER PEOPLE’S MENTAL HEALTH CARE – APPENDIX B**
- **IMPROVING URGENT CARE – APPENDIX C**

INTRODUCTION

1. In September 2009 the NHS Hampshire Board unanimously agreed that the £75 million revenue cost for the planned Oak Park Hospital over 25 years was unaffordable in light of anticipated future funding.
 - 1.1 However, recognising concerns raised by local people about the lack of detailed alternative proposals, the Board agreed to defer a final decision on the discontinuation of the hospital scheme to allow further work with the local community to develop more detailed plans for the provision of local services in a different way.
 - 1.2 This paper summarises the outcome of work since the Board decision in September 2009 to develop alternative plans to reprovide the services originally planned for the new build in new and innovative ways.
 - 1.3 The paper provides a set of recommendations for NHS Hampshire Board to consider which have been informed by extensive engagement local residents, patients, community groups, elected representatives, clinicians, staff and partner organisations.
 - 1.1 The proposed recommendations represent new, innovative and cost effective models of care for each of the three key elements of service provision for Havant and South East Hampshire. These elements are ambulatory care, bed based care for older people, and urgent care.
 - 1.2 The details which give rise to the recommendations are set out in three accompanying documents. These are attached as follows:

Appendix A: Stage 1 Business Case for Oak Park Community Clinic

Appendix B: Preferred models for bed based care for Older People's
Reablement Care and Older People's Mental Health Care

Appendix C: Improving Urgent Care

Recommendations are set out at the end of this paper.

BACKGROUND

2. In September 2009 NHS Hampshire Board unanimously decided that a new hospital building at a recurring revenue impact of £3.7 million per annum in Havant was no longer affordable. The Board reiterated its strategic commitment to improving local health services in an area of high deprivation and agreed that comprehensive reviews should be undertaken to:
 - find alternative ways of providing local ambulatory services (outpatient clinics, physiotherapy, podiatry etc)
 - determine how best to reprovide in patient facilities for the population that would have been served by the community hospital; and
 - further engage with local people regarding urgent care services for the community.
- 2.1 At the Board Meeting in January 2010, the Board reaffirmed its commitment to provide a range of locally accessible services for the population of Havant and South East Hampshire, without the need for a new hospital building on the Oak Park site. The Board confirmed that ambulatory care services should be based at Oak Park Children's Services building and that a Stage 1 Business Case should be prepared for provision of the required new facilities.
- 2.2 Since January further planning has benefited from considerable progress in:
 - community engagement to better understand the views of local people;
 - engaging local partners such as GPs, local authorities and NHS providers; and;
 - involving elected members, voluntary and advocate groups and community representatives in discussions about the future.
- 2.3 In July 2010 an update report to the Board indicated that the lack of a new building had led to some innovative and creative solutions being put forward, and to greater partner collaboration. These had led to development of new models of care which would:
 - co-locate an increased range of local outpatient clinics with therapy services; X-ray, ultrasound & echo and rapid assessment for older people on the Oak Park site;
 - offer local bed based care on the Oak Park site for older people who have had an illness or injury;
 - offer local bed based care for older people with mental health problems on the Oak Park site; and
 - ensure that local people have access to an appropriate range of urgent care services in the community, including development of enhanced primary care led minor injury services.

2.4 Set out below is a summary of proposals for each of three main categories of service provision which have been reviewed. These are:

- Ambulatory care: to be provided at the new Oak Park Community Clinic , subject to approval of the Stage 1 Business Case
- Bed based care: preferred models for local bed based care for older people and older people with mental health problems, are presented for approval
- Urgent care: proposals to commission a minor injuries service from local GP Practices and for GP out of hours services to be delivered at Queen Alexandra Hospital

OAK PARK COMMUNITY CLINIC

3. In July 2010 the Board considered a paper setting out proposals for provision of a significant range of ambulatory care services in Havant. This can be achieved through a LIFT scheme to re-plan and adapt accommodation at Oak Park Children's Service Centre which will be re-named Oak Park Community Clinic. The proposal ensures that children's clinical services will be retained in the building; but other parts of the building will be vacated by rationalising arrangements for Community Team bases and office functions.

The proposed scheme will enable the following services to be provided in the adapted building:

- Up to 24,000 outpatient appointments across a range of specialties (currently mainly undertaken at QAH);
- Diagnostics (plain film X-ray, ultrasound & echos);
- Therapies (physiotherapy, occupational therapy and speech & language therapy);
- Assessment Treatment and Rehabilitation Centre (i.e. rapid assessment unit);
- Facilities for mobile scanners to visit the site (i.e. MRI).

3.1 The attached Stage I Business Case (Appendix A) describes the scope, service benefits, economic and commercial cases for the development of the Oak Park Community Clinic.

3.2 Services currently provided at Emsworth Victoria Cottage Hospital will be re-provided at Oak Park Community Clinic. Emsworth Victoria Cottage Hospital will close and become surplus to requirements.

3.3 Some other outpatient services currently provided from Havant War Memorial Hospital and Havant Health Centre will be re-provided at Oak Park Community Clinic.

- 3.4 The Stage 1 revenue implications are estimated at an additional recurring revenue of £749,000 per annum. This includes revenue implications of £194,000 per annum for a lease agreement for children's services office accommodation in line with the project programme. Authority to enter into this agreement will be delegated to NHS Hampshire Management Team.

OAK PARK NURSING CENTRE

Older People's Reablement Care

4. The original plan was that Oak Park Community Hospital would include 25 'intermediate care' in-patient beds, to replace the 21 beds at Havant War Memorial Hospital.
- 4.1 A range of co-operative planning has been undertaken over the last six months, aimed at developing a new and more effective model of care for older people who need bed-based care. This has included NHS Hampshire working with Hampshire County Council, Portsmouth Hospitals NHS Trust, Hampshire Community Health Care Trust, Hampshire Partnership Foundation Trust, Solent Health Care Trust and local GPs.
- 4.2 Local people, patient groups and staff helped to shape proposals at a number of meetings, deliberative events, workshops and by responses to a survey.
- 4.3 In July 2010 the Board was updated and informed that there was broad agreement between NHS Hampshire and Hampshire County Council to take forward a joint approach that will provide a cohort of mainly elderly patients with an intensive package of health and social care support to enable them to regain independence and return home after an acute hospital stay, rather than move permanently to full time residential or nursing care.
- 4.4 An option appraisal was put in train to consider the most effective implementation of such a joint model of reablement care. The primary aim is to assist the person to return to their own home within a six week period following a structured and agreed programme which is coordinated with health and social care input.
- 4.5 Four options for the required bed provision for this model of care were reported to the Board in July. Since then a workshop with a full range of stakeholders has assessed the options and a preferred option determined. Options were assessed against a total of 11 criteria. Details of these are included in the paper at Appendix B.
- 4.6 The preferred option is to jointly commission a new nursing centre with Hampshire County Council on the Oak Park site and to close Havant War Memorial Hospital. It is also recognised as part of this model of care that there

may be an occasional need for 'step up' beds to support the Rapid Assessment Unit for those patients that may require a short stay in an enhanced medical setting. These beds could be provided from the Oak Park Nursing Centre on a flexible basis thereby preventing admission to the acute hospital.

- 4.7 The assessed financial benefits and costs arising from the new model include release of £0.5m recurring revenue and avoidance of future building and maintenance and capital charges totalling £270,000 per annum.
- 4.8 Approval is sought to proceed to plan a jointly commissioned nursing facility with Adult Social Services on the Oak Park site, which will include beds for rehabilitation care.

Older People's Mental Health

- 5. Oak Park Community Hospital was originally planned to include 24 Older People's Mental Health (OPMH) beds to replace the beds at St. James Hospital, Portsmouth. Current OPMH inpatient provision is from a 10 bed unit at St James Hospital providing services for functional illness and a 10 bed unit at The Willows, Petersfield for organic illness. Improvements in community based services have contributed to a significant reduction in the need for as many inpatient beds. The improvements in community care include earlier diagnosis and closer working with GPs, as well as improvements in day therapy services locally. Average occupancy at each of the two 10 bed units is below 7 patients.
- 5.1 Since the development of a joint commissioning strategy for OPMH with Hampshire County Council in 2008, a number of formal and informal public engagement events have prompted the development of new care pathways for these services. The proposed model of care for OPMH services in Havant and South East Hampshire was outlined in the Board update paper in July.
- 5.2 The proposed model includes the continuation of acute inpatient care at the two existing units, at St James and in Petersfield. The model also proposes development of designated OPMH beds with specialist in-reach at the new nursing centre on the Oak Park site.
- 5.3 This would provide an innovative new model of care for a cohort of patients who would be better served in the nursing centre rather than an acute inpatient facility. This cohort of patients is described in the paper at Appendix B. The new nursing centre beds would re-provide elements of existing care pathways including 'step down' beds and out of area placements, as well as avoiding some admissions to St James and Petersfield Hospitals. As such the new model of care would complement rather than replace specialist inpatient care which would continue to be provided at St James and Petersfield.

- 5.4 There is strong support from clinicians and other stakeholders for the co-location of both the reablement beds and the OPMH beds on the Oak Park site.
- 5.5 Approval is sought to proceed to plan a jointly commissioned nursing centre facility with OPMH beds on the Oak Park site.

Summary of the Proposed Project Plan for Oak Park Nursing Centre

- 5.6 The table below illustrates provisional timeframe for the delivery of Oak Park Nursing Centre. This will be developed further with the stakeholders involved in the proposal but are subject to change as detailed plans emerge.

Milestone	Timeline
NHS Hampshire Board approval	23 rd September 2010
Development of planning application commences with NHS Hampshire, Hampshire County Council and Havant Borough Council	October 2010
Outline Business Case submitted to NHS Hampshire Board and Hampshire County Council	April 2011
Final Business Case submitted to NHS Hampshire Board and Hampshire County Council	October 2011
Planning application submitted to Havant Borough Council	April 2012
Planning approval achieved	July 2012
Construction commences	August 2012
Construction complete	February 2014
Oak Park Nursing Centre operational	April 2014

URGENT CARE

6. The original plans for the Oak Park Community Hospital contained a small Minor Injuries Service (MIU). This would have replaced the service at Havant War Memorial Hospital which shut in December 2008 amid concerns about the quality of care and facilities.
6. 1 Since January 2010 ongoing engagement with local people has sought to better understand the type of urgent care service that would be most useful to local residents and the best location for this service. Survey results have shown that just under 90% of residents would prefer a local minor injury service, with many respondents saying that their local GP surgery would be their preferred location

for this service. 62% said that Queen Alexandra would be their second favourite location.

- 6.2 Analysis of urgent care demand and need has also shown that increased demand for urgent care seen in recent years is unlikely to be reversed, or stabilised, by providing a new MIU in Havant or at Queen Alexandra Hospital. Instead these options would generate further inappropriate demand that could be better managed in primary care.
- 6.3 The paper at Appendix C sets out details of further work and consultation with stakeholders which has resulted in proposals for action in two areas.
- 6.4 Firstly, it is proposed to commission a minor injuries service from the 14 GP Practices located within three miles of the centre of Havant. This would be available without pre-booking and throughout core hours at GP surgeries. Further details of the specification for this service are set out in the paper at Appendix C.
- 6.5 The second set of initiatives covers improvements in services for urgent care at Queen Alexandra Hospital. This involves the introduction of additional Emergency Nurse Practitioners and co-location of GP Out of Hours services on the Queen Alexandra Hospital site. Improvements in admission avoidance arrangements are also planned.
- 6.6 The Board is asked to note the development of new models for urgent care and the improvements to be implemented.

SUMMARY OF SERVICES AND FUNDING

7. Below is a table which sets out the services originally planned for Oak Park Community Hospital and those now proposed for Oak Park Community Clinic and Oak Park Nursing Centre.

Services Planned for Oak Park Community Hospital	Current Location of Services	Service to be Available Locally	Where
Outpatient appointments – 24,000 appointments	Queen Alexandra Hospital Havant Health Centre Emsworth Victoria Cottage Hospital	Yes	Oak Park Community Clinic
Podiatry – 7,000 appointments	Havant Health Centre Havant War Memorial Hospital Emsworth Victoria Cottage Hospital	Yes	Oak Park Community Clinic
Diagnostics – plain film x-ray, ultrasound and echo. 25,000 appointments	Havant Health Centre	Yes	Oak Park Community Clinic
Therapies (physiotherapy, occupational therapy and speech & language therapy) 20,000 appointments	Havant Health Centre Emsworth Victoria Cottage Hospital	Yes	Oak Park Community Clinic
Assessment Treatment and Rehabilitation Centre (i.e. rapid assessment unit – 10,500 attendances)	New Service	Yes	Oak Park Community Clinic

Services Planned for Oak Park Community Hospital	Current Location of Services	Service to be Available Locally	Where
24 Older People's Mental Health beds	10 acute functional illness beds St. James Hospital 10 acute organic illness beds The Willows, Petersfield Hospital	Yes	10 acute functional illness beds - St. James Hospital 10 acute organic illness beds - The Willows, Petersfield Hospital 10 Continuing Care/'Step Down' beds – Oak Park Nursing Centre
25 Older People's intermediate care beds	21 beds at Havant War Memorial Hospital	Yes – 20 reablement beds jointly commissioned with Hampshire County Council	Oak Park Nursing Centre
Facilities for mobile scanners to visit the site (i.e. MRI)	St Marys Hospital	Yes	Oak Park Community Clinic
Endoscopy	Queen Alexandra Hospital	No	Queen Alexandra Hospital
Small minor injuries service to replace the one at Havant War Memorial Hospital	Closed	Yes	14 GP Practices within 3 miles of Havant Queen Alexandra Hospital
Service not planned for OPCH but included in the OPCC development	Oak Park Children's Services Centre Havant Health Centre Emsworth Victoria Cottage Hospital	Yes	Havant Health Centre and other designated office space close to Oak Park Community Centre
Service not planned for OPCH but included in the OPCC development	Oak Park Children's Services	Yes	Oak Park Community Clinic (clinical services only)

- 7.1 The cost for Oak Park Community Hospital as originally planned would have been £3.7 million recurring revenue. Oak Park Community Clinic will cost £749,000 recurring revenue which includes £194,000 for office accommodation. The recurring revenue implications for both the Oak Park Community Clinic and the Oak Park Nursing Centre are shown in the table below:

Overall impact on affordability of the associated Oak Park schemes

	Current cost projection £000	Future cost projection £000	Change £000
Oak Park Community Clinic Stage 1 Business Case	1,043	1,791	+ 749
Oak Park Nursing Centre Reablement Model of Care	997	538	- 459
Oak Park Nursing Centre Older People's Mental Health New Model of Care	374	338	- 36
Havant War Memorial Hospital Backlog Maintenance Avoidance	270	0	-270

- 7.2 The split between capital and recurring revenue allocations for achieving the proposed new model of care are detailed in Appendix D.

RISKS

8. Key risks associated with delivering the recommendations in this paper are detailed in Appendix E.

CONCLUSIONS AND RECOMMENDATIONS

9. Recommendations for the Board are set out in each of the three separate papers attached (Appendix A, B and C).

The recommendations for Board approval are as follows.

AMBULATORY SERVICES

9.1 Approval of Stage 1 for Oak Park Community Clinic

The Board is asked to approve the following recommendations:

1. The Oak Park Community Clinic Stage 1 Business Case is approved and proceeds to development of a Stage 2 Business to be submitted to the Board for final approval and to note that the Stage 1 revenue implications are estimated at additional recurring revenue of £749,000 per annum.
2. Delegated authority is given to NHS Hampshire Management Team to enter into lease agreement for children services office accommodation in line with the project program, revenue implications estimated at £194,000 per annum which is included in the £749,000 above.
3. Authority is given for the disposal of Emsworth Victoria Cottage Hospital and Redclyffe House when these services have been relocated.

BED BASED CARE

9.2 Older People's Reablement Care

The Board is asked:

1. To note the developing new model for reablement beds to replace the intermediate care beds at Havant War Memorial Hospital, and
2. To confirm that the preferred option for implementation of this model is to jointly commission with Adult Social Services reablement beds from a new nursing centre on the Oak Park site.

3. To note the assessed financial benefits and costs arising from the new model, including the release of £0.5m recurring revenue and avoidance of future building maintenance and capital charges totalling £270,000 per annum.
4. To agree that an Outline Business Case should be prepared to take forward joint plans with Hampshire County Council for provision of a nursing centre and extra care facilities on the Oak Park site.

9.3 Older People's Mental Health Care

The Board is asked:

1. To note the developing new model of care for OPMH.
2. To confirm that the proposed new nursing centre on the Oak Park site should provide the elements of bed based OPMH care summarised in Appendix B.

URGENT CARE

9.4 Primary Care Based Minor Injuries Service

The Board is asked:

1. To approve the commissioning of a minor injuries service based on the specification details set out in Appendix C, from the 14 Practices within three miles of the centre of Havant
2. To note that the usage of the new service will be monitored and payments are estimated at a total cost of £40,000, which will allow some 1,142 patients to be treated for minor injuries in GP Surgeries.

9.5 Re-modelling of urgent care at Queen Alexandra Hospital

The Board is asked:

1. To note plans are in place to implement the new model through the introduction of improvements in arrangements at Queen Alexandra Hospital with additional Emergency Nurse Practitioners and co-location of GP Out of Hours services; together with improvements in admission avoidance arrangements in South East Hampshire.

APPENDIX A

NHS HAMPSHIRE

**Stage One Business Case for
Oak Park Community Clinic**

Document Control:

Version	Date	Comment
Version 1	22 March 2010	1st draft – MP/JB
Version 2	15 April 2010	2 nd draft – MP/JB
Version 3	05 May 2010	3 rd draft – MP/JB
Version 4	02 nd August 2010	4 th draft – MP/ JB
Version 5	31 st August 2010	5 th draft – JB
Version 6	1 st September 2010	6 th Draft – JB
Version 7	2 nd September 2010	7 th draft – mp
Version 8	2 nd September 2010	8 th draft – JB/MP
Version 9.1	3 rd September 2010	Final draft – JB/MP
Version 9.2	6 th September 2010	JB
Version 9.2a	6 th September 2010	JB
Version 9.2a.1	6 th September 2010	MP
Version 9.2b	6 th September 2010	JB
Version 9.2b.1	7 th September 2010	MP
Version 9.2b.2	8 th September 2010	MP
Version 9.2b.3	9 th September 2010	MP
Version 9.2b.4	10 th September 2010	CD
Version 10	10 th September 2010	MP/JB/IH
Version 10.1	13 th September 2010	JB/MP

Index

1. Background
2. Executive Summary
3. Introduction
4. Strategic Context
5. Consultation
6. Key Assumptions
7. Design and Estates Matters
8. Commercial Matters
9. Proving Affordability
10. Risk, Project Management and Benefits Realisation
11. Other Requirements
12. Appendices

Background

1. Local health service plans have envisaged a community hospital in Havant since the late 1980s as part of a network of community hospitals across South East Hampshire, complementary to and supporting the provision of acute services based at the redeveloped Queen Alexandra Hospital. The interdependence between Queen Alexandra Hospital and local community facilities underpins much of the proposed provision for Havant through a model of care designed to prevent unnecessary admissions and visits to the acute facilities. This was to be achieved by offering comprehensive assessment facilities, supported with care packages in the community, either following a short period of inpatient assessment and treatment, or following assessment on a day or outpatient basis.
- 1.1 The rationale for the Oak Park Community Hospital development was to build a modern, 'fit for purpose' facility for local services, replacing the existing older hospitals in Havant and Emsworth. It was envisaged that the building would accommodate existing services from these sites and in addition a broad range of outpatient services would be relocated from Portsmouth Hospitals, together with older people's mental health inpatient services from St. James Hospital, Portsmouth. The hospital was planned to treat an estimated 24,000 outpatients each year. In line with the South East Capacity Plan similar service improvements have already been delivered in Gosport with the redevelopment of Gosport War Memorial Hospital and in Fareham with the delivery of Fareham Community Hospital.
- 1.2 Following engagement on the original plans, it was agreed that once the Oak Park Community Hospital was complete, Emsworth Victoria Cottage Hospital and Havant War Memorial Hospital which are no longer fit for purpose would then close, and some space at Havant Health Centre and St James Hospital, in Portsmouth would also be released.

Executive Summary

2. This is the Stage One Business case that describes the scope, the service benefits, and the economic and commercial case that will form the basis of approval for the development of the Oak Park Community Clinic which will be delivered by the Local Improvement Finance Trust Company (LIFTco), Solent Community Solutions.
- 2.1 This Stage 1 Business Case follows on from the paper “Delivering Health Care Services for the population of Havant and South East Hampshire” that was submitted to NHS Hampshire Board in January 2010.
- 2.2 This Business Case is written adopting the principles of the latest guidance; Business Case Approval Guidance for Primary Care Trusts with Existing LIFTs issued by the Department of Health in May 2009.

Strategic Context

- 2.3 The Oak Park Community Clinic development focuses on a service shift out of the acute sector into a community care setting which is supportive of the vision set out in the following key national and local policies:
 - ‘Our Health, Our Care, Our Say: A New Direction for Community Services
 - Hampshire Primary Care Trust - Healthy Horizons: Improving Health and Health Care for the Benefit of Patients and Public in Hampshire updated in October 2008
 - NHS Hampshire - Transforming Community Services: Enabling New Patterns of Provision
 - NHS Hampshire - Estate Strategy and its vision for the future 2010 - 2015
 - The Capacity Map which outlined a vision for integrated acute and community care across South East Hampshire.
 - The Strategic Health Authority key aim to "ensure the delivery of high quality, responsive, efficient and effective care"

Service Vision and Benefits

- 2.4 Oak Park Community Clinic will include a range of service models described in the vision for new generation community hospitals in the White Paper, “Our Health, Our Care, Our Say”. Services to be provided will include:

- Outpatient Services delivering 30% of all outpatients, approximately 24,000 appointments each year
- Therapies for adults providing physiotherapy, speech and language therapy and occupational therapy delivering approximately 20,000 appointments each year
- Assessment Treatment and Rehabilitation Centre for older people able to provide approximately 10,500 appointments each year
- Diagnostic Imaging (x-ray, ultrasound and echocardiography) delivering approximately 26,000 appointments each year
- External hard standing for a mobile scanning facility i.e. MRI
- Podiatry delivering approximately 7,000 appointments each year
- Child and Adolescent Mental Health Services delivering approximately 7140 appointments per year
- Community Paediatrics delivering approximately 2,200 appointments per year
- Therapies for children providing physiotherapy, occupational therapy and speech and language therapy delivering approximately 4774 appointments per year
- A range of other children's services including school nursing, health visiting, dietetics and podiatry services

2.5 In conjunction with the Oak Park Community Clinic, Havant Health Centre will continue to deliver clinical and non clinical services, these will be as follows:

- The Homewell GP Practice serving a population of approximately 12,600 patients
- The Staunton GP Surgery serving a population of approximately 7,600 patients
- Havant GP Surgery serving a population of approximately 2,800 patients
- The Curlew GP Practice serving a population of approximately 4,000 patients
- Community Dental (HCHC)
- Red Cross Home Loans
- Phlebotomy
- An administration base for adult community teams relocating from Emsworth Victoria Cottage Hospital
- An administration base for some adult community and therapy teams
- The Aspire Dental Care Ltd

2.6 Children's Services clinical and non clinical administrative base (currently located at Oak Park Children's Services) will need to be based elsewhere in dedicated offices. Staff will travel to the Oak Park Community Clinic for their clinical work. An option appraisal to identify suitable office

accommodation has been undertaken and forms part of this business case along with the design brief attached in Appendix 6.

Design and Estates Matters

Building

- 2.7 Oak Park Community Clinic has been designed to comply with Department of Health technical guidance; Health Building Notes (HBNs) / Health Technical Memorandum (HTMs), other Department of Health guidance and building regulations. As the Oak Park Community Clinic scheme is predominantly a refurbishment of an existing facility, which, in its nature will always attribute technical difficulties that would not usually form part of a new build facility, Solent Community Solutions and its supply chain have worked with NHS Hampshire to minimize design implications and any derogation to the Department of Health national design standards. Appendix 11 details derogations that have been identified by Solent Community Solutions which need to be further developed so as to remove limit or mitigate derogations before achieving Stage 2 Business Case approval.
- 2.8 Any derogations that remain in place at the time of the Stage 2 Business Case approval will be clearly identified, including the risk associated and its technical mitigation so as to reduce any risk exposure to NHS Hampshire.

Site

- 2.9 The total size of the Oak Park site is 6.42 acres. The site is divided by a narrow link roadway effectively providing two distinct areas. The smaller of these two areas is the site of the existing Oak Park Children's Services (Appendix 2), a Solent Community Solution's LIFT sample scheme which opened in March 2006. This area has a total size of 1.36 acres and was sold to Solent Community Solutions in 2005 when financial close was achieved.
- 2.10 The remainder of the site is owned by NHS Hampshire, an area of 5.06 acres (Appendix 3 - site outlined in red and green). All buildings on the site were demolished prior to site acquisition, with the exception of an electricity sub-station.
- 2.11 As part of the Oak Park Community Clinic scheme there is a requirement for a small section of the site owned by NHS Hampshire in its South West corner (Appendix 3 - area outlined in green), 0.38 acres in size with a book value of £248,978, to be used for car parking. It is proposed that this section of the site will be leased to LIFTco on a 125 year lease in exchange for a reduction in lease costs to the sum £27,876 per annum.

The NPV for the reduction in lease costs over 18.5 years of lease remaining is £402,801.

Commercial Matters

- 2.12 Oak Park Children's Services reached financial close on the 9th February 2005. This was achieved with the adoption of version 4 of the nationally developed Lease Plus Agreements (LPA) that have been developed by the Department of Health for LIFT schemes.
- 2.13 It is proposed that a variation to the existing LPA will be adopted for the conversion of Oak Park Children's Services into the proposed Oak Park Community Clinic scheme. It is understood that the variation will be instigated using the major variation clause of the Oak Park Children's Services' project agreement. It is also proposed that this variation will be undertaken on the ethos not to put any party in a disadvantage to that which is currently enjoyed under the existing project agreement.

Additional Land

- 2.14 The Oak Park Community Clinic scheme will require part of the Oak Park site in the ownership of NHS Hampshire for the use as additional car parking space. These car parking spaces will form part of the planning approval process.
- 2.15 It is proposed that incorporation of land is best achieved if NHS Hampshire grant to Solent Community Solutions a 125 year lease at a peppercorn rent of £1 per annum. This lease will allow Solent Community Solutions to provide security to its funder to enable the construction of car parking. Solent Community Solutions will then lease the car parking spaces back to NHS Hampshire, either by amending the demise within the proposed variation to the existing LPA or via a standard form of supplemental agreement. The configuration of this agreement will be further developed through the Stage 2 Business Case process.

Financial Appraisal

- 2.16 Oak Park Community Hospital was a significant development within the South East Capacity Plan. In January 2010 NHS Hampshire Board reviewed the plans for Oak Park Community Hospital. The cost model when updated to current prices showed that it would cost a net additional £3.7 million recurring revenue per year which was considered unaffordable. In addition the model of care for older people's bed based care in South East Hampshire was also under review at this time.

- 2.17 NHS Hampshire Board decided to defer a final decision on the future of the community hospital until the feasibility of providing alternative options for elderly people's bed based services could be undertaken.

Oak Park Community Clinic

- 2.18 NHS Hampshire Board considered a proposal that the ambulatory services included in the community hospital scheme could be provided from Oak Park Children's Services; which a 2009 post project evaluation had shown was significantly under utilised. A high level feasibility study had been undertaken to test whether these premises could be adapted to provide ambulatory care services from this location. The costs at that time were estimated at around £700,000 per annum.
- 2.19 NHS Hampshire Board agreed that a Stage 1 Business Case should be developed for the provision of ambulatory services from an adapted Oak Park Children's Services building. This Stage 1 Business Case deals only with incremental premises cost financial implications for the ambulatory care services. The older people's intermediate care and older people's mental health services are the subject of separate papers. This business case assumes that where services planned for the building are currently provided locally or within an acute setting, that they will transfer to Oak Park Community Clinic and that the non premises costs on transfer will be at least cost neutral.
- 2.20 As the development is mainly based on existing premises the estimated incremental premises costs of developing this option, are the subject of this business case. However, for affordability and value for money testing purposes estimates have been prepared, based on draft schedules of accommodation, of the premises costs for each service provider in the building. A schedule of planning activity using indicative tariffs is provided at Appendix 16.

Methodology

- 2.21 In completing these cost estimates we have used:
- Indicative schedules of accommodation based on anticipated activity compiled with the assistance of an independent health planner.
 - Estimated capital costs prepared by an independent quantity surveyor based on current MIPS (construction) forecast outturn prices adjusted for inflation. These capital costs are shared between LIFTco and the PCT. A copy of Cyril Sweett's cost (OB) forms can be found in Appendix 13.
 - Finance models 'Oak Park Extension Model v5 excluding land cost & v6 including land cost' have been used to calculate the resulting

variation in lease price. The inputs to this model have been agreed by members of the project team and technical advisors appointed by the PCT. The resulting model has been reviewed by the PCT's independent financial advisors, Ernst & Young, and their financial report can be found in Appendix 14.

- Other premises cost estimates which are based on our experience of PCT premises.

2.22 The Oak Park Community Clinic scheme consists of a complex arrangement to transfer some ambulatory services from Emsworth Victoria Cottage Hospital, Havant Health Centre and Queen Alexander Hospital, and reconfiguration of the accommodation for the existing services in Oak Park Children's Services. The internal reconfiguration and extension works require a major variation to the existing PCT lease. The finance model (Oak Park Extension model v5) referred to in this text deals only with the variation in lease costs of this reconfiguration. The additional capital, non recurring and recurring revenue costs which arise as a consequence of the schemes are included in the following tables.

Affordability

Capital

2.23 Capital or Capex costs total £6.1m or £5.4m after estimated recoverable VAT is deducted. Of this £5.4m almost £4m fall to LIFTco to fund through a lease agreement and £600,000 to the PCT for project development costs. The remaining £845,000 pays for equipment, fees and conversion works to be undertaken by the PCT. This will be funded from sale receipts for Redclyffe House and Emsworth Victoria Cottage Hospital.

Table 1- Capital (Capex) Costs

	Oak Park Community Clinic £000	Havant Health Centre £000	Clinical Admin Offices £000	Total £000
Capital & NRR costs net of recoverable VAT	4,701	276	432	5,409
Non Recurring Revenue fees and works	(300)	(100)	(200)	(600)
Total Capex costs	4,401	176	232	4,809
Funded by				
LIFTco Capex costs funded through annual lease payments	3,964			3,964
NHS Capital Sale Receipt	438	176	232	845

Other Capital Resource Requirements

- 2.24 The adoption of the LIFT lease variation onto the PCT balance sheet at an estimated £4 million will require matching Capital Resource funding. Part of this will be funded from estimated £1.3 million sales receipts from the sale of St Christopher's, the remainder will have first call on the PCT capital allocation. For information the 2010/11 allocation, before the 20% cap, was £10 million.
- 2.25 As part of the funding for the lease the PCT will provide 20% or £115,400 of the £565,000 shareholder funds required. This will be funded from the PCT Capital Resource Allocation at financial close in May 2011. The PCT will receive interest and dividend income from this investment. Details of this income will be included in the Stage 2 Business Case but at this stage it has been ignored as a future fund flow.

Additional Recurring Revenue Costs

- 2.26 The additional recurring revenue costs of £880,000 associated with this development will be met partly from the closure of Emsworth Victoria Cottage Hospital. However, the PCT recognises that there are considerable remaining costs of approximately £750,000 which will need to be met from savings generated from service re-design and greater efficiencies.
- 2.27 The total annual premises costs are estimated at £1.8 million. However, existing premises budgets of £1 million mainly from Oak Park Children's

Services and Emsworth Victoria Cottage Hospital, will offset this cost resulting in a net additional cost of £750,000.

2.28 The PCT is currently undertaking a review of the models of care for older people's intermediate care services and older people's mental health services in South East Hampshire and early indications show that these savings can be achieved. It is hoped that this will result in overall cost neutrality for the Oak Park Project. Should the review of services not achieve savings as planned the PCT will have to fund £750,000 per annum from 2013/14 onwards.

Table 3 - Recurring Revenue Impact

	Oak Park Community Clinic £000	Clinical Offices and Havant HC £000	Total £000
Additional Revenue Costs	598	282	880
Funded			
Existing Emsworth infrastructure costs released		131	131
Revenue savings and efficiencies funding requirement	598	151	749

Non Recurring Revenue

2.29 Non recurring revenue costs for the project team, independent advisor fees and non capital works are estimated at £600,000. In addition various impairment losses resulting from revaluation of completed capital works and assets for sale by the District Valuer (DV) are estimated as:

- Emsworth Victoria Cottage Hospital book value to market value - £300,000
- PCT Capital works valued on completion- £110,000
- DV Valuation of Oak Park at lease inception - £1,400,000

Balance Sheet Treatment

2.30 Current HMT guidance on IFRIC12 (Financial Reporting Interpretation Committee) considers the risks and rewards of ownership and identification of a finance lease under International Accounting Standard (IAS) 17 'Leases'. Using the criteria set out in IFRIC 12 the Audit

Commission advised that the large majority of LIFT schemes were required to be accounted for 'on balance sheet' as a service concession rather than a lease. The PCT anticipates that this scheme will remain on the balance sheet at its enhanced value in accordance with IAS 16 'Property, Plant and Equipment (PPE)' and will be revalued by the District Valuer at the new lease inception date. The balance sheet impact will require Capital Resource Limit funds. Any one off fall in value will be treated as an impairment loss impact in the PCT operating plan.

- 2.31 To date this 'IFRIC12 impact' has been funded centrally however the Department of Health advise that schemes which close after 2009 will be ineligible for additional funding support. This situation could change; however the costs are shown to highlight the cost implications. The PCT plans to part fund this CRL impact by receipts from the sale of St Christopher's site anticipated to be around £1.3m. The remaining resource requirement of £2.7 million will have to be a first call on the PCT capital allocation which in 2010, prior to capping at 80% was £10 million.

**Table 4 - Capital resource Impact of Accounting Treatment under IFRIC 12
'Guidance**

	Oak Park Community Clinic £000	Havant Health Centre £000	Clinical Admin Offices £000	Total £000
Estimated 'fair value' at lease variation inception	4,000	0	0	4,000
Funded				
Capital Receipt from Sales	1,300	0	0	1,300
1 st Call on NHS Capital Resource Allocation	2,700	0	0	2,700

Phasing of Investment Required

2.32 Tables 5-7 below indicate the timeframe for investment of funds for the ambulatory service premises costs.

Table 5 - NHS Capital Resources Impact – Phasing

Year	Oak Park Community Clinic £000	Havant Health Centre £000	Clinical Admin Offices £000	Total Capital Resource £000
2010/11	0		0	0
2011/12	153	30	232	415
2012/13	400	145	0	545
Total	553	175	232	960

Table 6 - Phasing of Additional Revenue Impact

	Oak Park Community Clinic £000	Clinical Offices and Havant HC £000	Total £000
Additional Revenue Costs 2011/12 Part Year Effect	0	200	200
Additional Revenue Costs 2012/13 Part Year effect	300	55	355
Additional Revenue Costs 2013/14 Full Year effect	298	(104)	194
Total	598	151	749

Table 7 - Non Recurring Revenue Costs - Phasing

	NHS Project Costs	Impairment Loss on Revaluation	IFRIC 12 Revaluation	Total
	£000	£000	£000	£000
Additional one off Revenue costs 2010/11	200			200
Additional one off revenue costs 2011/12	200	40		240
Additional one off revenue costs 2012/13	200	370	1,400	1,970
Total	600	410	1,400	2,410

Summary

2.33	Scheme will require	£4.960m	Capital resource
		£0.750m	Recurring Revenue
		£2.410m	Non Recurring Revenue

Table 8 - Summary Financial Implications

	Capital Resource	Non Recurring Revenue	Recurring Revenue	Total
	£000	£000	£000	£000
2010/11	0	200	0	200
2011/12	415	240	200	855
2012/13	545	570	355	1,470
2012/13 IFRIC 12 Resource only	4,000	1,400	0	5,400
2013/14			194	194
Total	4,960	2,410	749	8,119

2.34 The financial appraisal shows that the ambulatory care services can be provided at considerably less cost than the £3.1 million included in the £3.7 million annual costs for Oak Park Community Hospital. A one off investment of £1.9m for project costs and minor works and a recurring investment of some £750,000 per annum could provide ambulatory care services for Havant and surrounding area. Further resource would be required to fund the adoption of the lease onto the PCT balance sheet. To date this cost has been supported from central funds and it should be noted that there is a resource risk should that not continue. It is hoped

that further development of the revised model of care for older people would result in a saving of £765,000 however the Board should note the £750,000 cost risk should those savings not be achieved.

Risk, Project Management and Benefits Realisation

Project Management

2.35 The project has been managed in line with established project management techniques. Both Solent Community Solutions and the Hampshire Primary Care Trust LIFT Project Team have ensured that they have sufficient resourcing in place to manage the project through to practical completion.

The timetable to Stage two Business Case approval and achieving financial close is as follows:

Milestone	Stage one target date
Stage 1 Approval	September 2010
Stage 2 Approval	April 2011
Financial Close	May 2011
OPCC Start construction	June 2011
OPCC Finish Construction	September 2012
OPCC Operational	October 2012
HHC Start Construction	October 2012
HHC Finish Construction	February 2013

Risk

2.36 Risks are assessed, mitigated, assigned to the party best placed to manage them and contingency strategies are identified by the HPCT Project Team. A joint risk register for both Solent Community Solutions and NHS Hampshire has been developed and is available at Appendix 5.

Benefits Realisation

2.37 A Benefits Realisation Plan was developed (see Appendix 18) and benefits were determined and categorised under the following headings:

- Strategic benefits
- Modernisation and national targets

- Modernisation and service transformation
- Estates and environmental improvements
- Patient and carer satisfaction
- Staff recruitment and retention
- Financial benefits

Other Requirements

Equality Impact Assessment (EIA)

2.38 An EIA has been conducted for Oak Park Community Clinic. This review found that the design deals well with issues of equality. The assessment is available in Appendix 19.

Post Project Evaluation (PPE)

2.39 PPE must be undertaken as per NHS guidelines; the project is obliged to undertake a PPE as the value of the project is in excess of £1 million. The PPE will be conducted after commencement of service delivery from the sample schemes, approximately 6 months after the facility has opened; this will allow a more complete evaluation taking into account the entire project from inception through to delivery rather than a partial PPE post Financial Close. The PPE will be in accordance with the guidance within The Capital Investment Manual 1995.

Stage One Business Case for Oak Park Community Clinic

Introduction

3. In September 2009 NHS Hampshire Board unanimously decided that given the reduction in future NHS funding levels, that the plans for Oak Park Community Hospital at a net additional cost of £3.7 million recurring revenue per year (including Older People's Intermediate Care and Older People's Mental Health beds) for the next 25 years were no longer affordable. However the Board reiterated its strategic commitment to improving local health services in an area of high deprivation and therefore requested that alternative ways of providing ambulatory services should be developed.
 - 3.1 Following detailed engagement with local people, community groups and elected members during the autumn of 2009, NHS Hampshire Board agreed in January 2010 that the recommendation to deliver ambulatory services alongside children's clinical services from Oak Park Children's Services building should be progressed and developed into a Stage 1 Business Case. At this time the Board decided to defer a final decision on the discontinuation of the hospital scheme, whilst the business case for ambulatory services was developed and further work was undertaken to review models of care for older people's intermediate care and older people's mental health bed based services and review the need for a minor injuries service in Havant.
 - 3.2 This business case focuses on the delivery of ambulatory services only and outline proposals for minor injuries and older people's bed based care will be submitted to the Board separately.
 - 3.3 From the outset the key objective for health services in the Havant area has been to bring together a range of healthcare professionals from existing acute and community sites to deliver services close to home that met local needs. This is in line with the strategic vision for all community services in the South East of Hampshire:
 - Improve patient access to a high standard of health care close to their homes
 - Provide rapid access to diagnosis with a one-stop consultation and diagnostic service
 - Provide a pleasing environment for patients, visitors and staff
 - Enhance the integration of acute and community services to promote greater coordination and continuity of care with multi-professional clinics and assessments
 - Provide opportunity for greater integration in the future
 - Improve and allow seamless referrals between departments

These strategic aims have not changed and have remained central to NHS Hampshire's vision for services in Havant and the South East of Hampshire. This vision has come to fruition in the majority of South East Hampshire and Oak Park Community Clinic in Havant would be the final stage of full implementation of the hub and spoke model for provision of health services.

Strategic Context

4. The Oak Park Community Clinic development focuses on a service shift out of the acute sector into a community care setting which is supportive of the vision set out in the following key national and local policies:
 - ‘Our Health, Our Care, Our Say: A New Direction for Community Services
 - Hampshire Primary Care Trust - *Healthy Horizons: Improving health and health care for the benefit of patients and public in Hampshire*
 - NHS Hampshire -*Transforming Community Services: Enabling New Patterns of Provision*
 - NHS Hampshire - Estate Strategy and its vision for the future 2010 - 2015
 - The Capacity Map which outlined a vision for integrated acute and community care across South East Hampshire.
 - Strategic Partnering Board – Strategic Services Development Plan (South East)
 - The Strategic Health Authority key aim to "ensure the delivery of high quality, responsive, efficient and effective care"

Healthy Horizons

- 4.1 In November 2008 Hampshire Primary Care Trust updated its document *Healthy Horizons; Improving health and health care for the benefit of patients and public in Hampshire*. This document considered the challenges that the PCT will face in the coming years and set out its vision and aims:
 - Focus on prevention, promoting good health, early intervention and partnership working
 - Commissioning a comprehensive range of needs based, high quality, efficient and effective services with the resources available, that reflect the needs and preferences of patients, their families and carers
 - Improving access to health care by developing more integrated patient centred care closer to home
 - Improving the experience of Hampshire patients using health services
 - Improving the way patients, clinicians and the public participate and shape local services
 - Ensuring the delivery of key targets within the overall resources

4.2 Six strategic goals were identified to enable these aims to be achieved:

- To improve health across Hampshire and reduce health inequalities
- To improve health outcomes by transforming the care pathways for stroke, falls, dementia, end of life, cancer, cardiovascular, child and adolescent mental health services and services for children with disabilities
- To improve the experience of patients with mental health needs and those with long term conditions by developing integrated patient centered care pathways, out of hospital services and promoting self care
- To ensure patients are treated in the most appropriate setting by providing care closer to home
- To make additional investments in priority areas by delivering sustained financial efficiencies in the way finite health care resources are used
- To deliver sustained improvements in the safety of services, health outcomes and the experience of Hampshire patients using health care services

Transforming Community Services: Enabling New Patterns of Provision

4.3 The drivers for change for the reconfiguration of services reflect the PCT's strategy to ensure that community services can meet the health needs of our population for now and in the future:

- Shifting the centre of care from “cutting and curing” to “promoting and preventing”
- Ensuring the right person sees the patient at the right time
- Delivering greater choice and responsiveness, especially to those who are not as vocal or articulate
- Making better use of resources for the benefit of the public, patients and the taxpayer
- Reducing health inequalities
- Delivering safe, effective care, every time in every place by ensuring that hospital, community and social care services are together to transform care for patients
- Valuing and rewarding productive staff, who are our most valuable asset
- Taking tough decisions about how we use health care resources equitably

South East Hampshire Capacity Plan

- 4.4 The configuration of services which led to the design of ambulatory services for Havant was developed through the 'capacity mapping' exercise. This exercise was originally undertaken by the three local primary care trusts (two of which have now merged into NHS Hampshire) and Portsmouth Hospitals Trust and was reviewed and updated in 2008.
- 4.5 The review was based on a detailed clinical analysis and took account of clinical pathways, changes in technology, lengths of stay, and the effect of the development of enhanced community rehabilitation teams. The review confirmed the configuration of ambulatory care services in South East Hampshire.
- 4.6 The capacity map, and the infrastructure framework defined in it, also reflected the vision for new generation community hospitals in the White Paper; 'Our Health, Our Care, Our Say'.
- 4.7 A key element of the capacity map was the redeveloped acute hospital, Queen Alexandra Hospital which opened in June 2009. The interdependence between Queen Alexandra Hospital and the planned community hospitals underpinned much of the proposed provision for Havant through a model of care designed to prevent admissions and visits to the acute facilities. This was to be achieved by offering comprehensive assessment facilities, supported with care packages in the community, following assessment on a day or outpatient basis.
- 4.8 The capacity map assumed that 30% of outpatients would be provided in a community setting and this assumption has been maintained in this business case.

Strategic Services Development Plan (SSDP)

- 4.9 A community hospital in Havant was a component of the first SSDP when it was included as a potential Tranche 1 scheme. The second SSDP re-affirmed the requirement for a community hospital in Havant and was approved by the PCT Board in April 2006.
- 4.10 The latest SSDP includes Oak Park Community Clinic; however the main focus of this revision is on potential future schemes beyond those currently under development.

Estate Strategy

- 4.11 Hampshire Primary Care Trust updated its Estate Strategy in May 2010. This strategy summarised the plans for the Trust's estate over the next 5

years. Oak Park Community Clinic was included within the strategy and the proposed development meets many of the objectives of the strategy:

- Support the framework for development of community facilities
- Improve the patient healthcare experience
- Improve patient access to services
- Ensure the estate is of high quality and fit for purpose
- To ensure that the clinical functionality of existing accommodation is of a high standard
- The elimination of backlog maintenance
- To provide carbon efficient buildings
- Provision of care close to home
- The freeing up of space in existing primary Care facilities
- To improve the condition of existing accommodation
- To provide care accessible to patients
- To allow new models of care to be implemented
- To rationalise the Trust estate;
 - to make best use of existing estate
 - to close Havant War Memorial Hospital and Emsworth Victoria Cottage Hospital
 - to replace Havant Health Centre in 9 years time (end of useful life)

These objectives have been retained in generating and evaluating options for better utilisation of the existing estate.

Consultation and Engagement

5. In June 2009 NHS Hampshire commenced a wide programme of consultation, communication and engagement with local people, community groups, elected members, staff and clinicians to ensure that Oak Park Community Clinic is designed to meet local health needs and achieve the wider strategic aims of NHS Hampshire.

5.1 Activity undertaken has included:

- Tours of local health facilities for key stakeholders
- Representatives from NHS Hampshire have attended and presented at a number of groups/meetings with key stakeholders and local interested people including community boards, residents associations and other interested groups
- Undertaken surveys and in depth interviews with local residents
- Held 3 workshops with key stakeholders including local patient representatives, voluntary organisations and local councilors
- Provided information about the review of local services to over 10,000 local residents
- Held ongoing formal and informal dialogue with clinical and staff groups through the Oak Park Review Group, South East Area professional Advisory Committee, the project team meetings and clinical and non clinical user groups
- Attended and presented at regular meetings with the HOSC including a special panel set up to monitor the proposals

A detailed Engagement Report is attached (Appendix 1).

5.2 In addition stakeholders in LIFTCo are represented on the Strategic Partnering Board. This body ensures that the strategic aspirations of the various stakeholders are clearly defined and integrated into schemes. The various stakeholders through this body have confirmed their continued support for Oak Park Community Clinic.

Interfaces with Wider Local Health and Social Care Economy

5.3 A range of listening mechanisms have been employed to involve key stakeholders and the local public in discussions about the change in the NHS funding levels and the development of alternative ways of delivering the improvement in services that was envisaged in the original plans and their aspirations for health services. This has included key stakeholder workshops, meetings with community boards and other resident's groups, in depth interviews with 'hard to reach' residents, a survey using a local Citizen's Panel and NHS Hampshire sign up members in the Havant and

surrounding area, as well as contact with local media and local members of NHS Hampshire.

- 5.4 During our discussions with key stakeholders including Havant Borough Council and Hampshire County Council, several opportunities have been identified for sharing facilities on a small scale to co-locate health and social care agencies and to provide local community clinics. These opportunities are being actively pursued by the PCT in order to improve access to services for those residents with the greatest health need and to provide integrated public and community services. We are also working closely with Adult Social Services on the development of improved services for older people's bed based care and this provides a great opportunity to design integrated pathways of care.

Third Sector

- 5.5 The third sector has been involved throughout the development of proposals for ambulatory services in Havant via involvement in the consultation, communication and engagement activity as summarised in this paper and detailed in Appendix 1. Organisations represented have included Age Concern, local residents associations, community boards and forums, Friends of Emsworth Hospital, Havant Disability Access Group, Havant 50+ Forum and the League of Friends.

Key Assumptions of the Business Case

Local Improvement Finance Trust (LIFT)

6. The Oak Park Community Clinic will be delivered through the LIFT Company that was established in February 2005, Solent Community Solutions. NHS Hampshire is the sponsor of the proposed LIFT scheme.

Population Needs

- 6.1 Havant and South of East Hampshire area covers all of Havant Borough Council, the South of East Hampshire District Council and two wards in the South West of Winchester. The resident population living in Havant and South of East Hampshire is estimated to be 170,646 people and will increase by approximately 3% between now and 2015, with a predicted increase of 16% in those over the age of 65, and a decrease of nearly 7% in those aged 16 to 44. A health needs assessment undertaken in November 2009 concluded that:

- There is significant deprivation in the Havant area and this translates into increased health need and reduced life expectancy.
- In particular, the four Leigh Park wards of Barncroft, Warren Park, Battins, and Bondfields in Havant (population 26079) are amongst the 20% most deprived areas of England. There are two further areas of significant deprivation in Havant: Wecock Farm (Hart Plain ward) and part of Hayling West ward.
- This significant deprivation experienced by people living in the Leigh Park area is translated into increased health need and reduced life expectancy.
- Life expectancy for men and women living in the Leigh Park area is significantly lower than the Hampshire average.
- In general, men and women living in the Leigh Park area are significantly more likely to experience an emergency admission to hospital for a range of conditions, compared with people living in other parts of Hampshire. These conditions include coronary heart disease, chronic obstructive pulmonary disease, cancer, diabetes, stroke, falls, and dementia.

- 6.2 In summary there is significant deprivation in the Havant area, and in particular in the Leigh Park wards and this translates into increased health need and reduced life expectancy. The Oak Park site in Havant is located close to the area of highest health need. There are a number of key conditions that could benefit from increased local access to community

and preventative services. Therefore this development will benefit the most needy population.

Local Strategy for Community Services

- 6.3 The strategy for hospital services across Portsmouth and South East Hampshire has remained broadly unchanged for a number of years. The strategy is based on the re-development of the acute Queen Alexandra Hospital in Portsmouth, supported by a network of complementary community hospitals in Fareham, Havant, Gosport, Petersfield and Portsmouth City. This vision has come to fruition in the majority of South East Hampshire and Oak Park Community Clinic in Havant would be the final stage of full implementation of the hub and spoke model for provision of health services.
- 6.4 The configuration of services which led to the design of ambulatory services for Havant was developed through the 'capacity mapping' exercise. This exercise was originally undertaken by the three local primary care trusts (two of which have now merged into NHS Hampshire) and Portsmouth Hospitals Trust and was reviewed and updated in 2008. The review was based on a detailed clinical analysis and took account of clinical pathways, changes in technology, lengths of stay, and the effect of the development of enhanced community rehabilitation teams. The review confirmed the configuration of ambulatory care services in South East Hampshire.
- 6.5 The capacity map, and the infrastructure framework defined in it, also reflected the vision for new generation community hospitals in the White Paper; 'Our Health, Our Care, Our Say'.
- 6.6 The capacity map assumed that 30% of outpatients would be provided in a community setting and this assumption has been maintained in this business case.

Service Vision and Benefits

- 6.7 Oak Park Community Clinic will include a range of service models described in the vision for new generation community hospitals in the White Paper," Our Health, Our Care, Our Say". Services to be provided will include:
- Outpatient Services delivering 30% of all outpatients, approximately 24,000 appointments each year

- Therapies for adults providing physiotherapy, speech and language therapy and occupational therapy delivering approximately 20,000 appointments each year
- Assessment Treatment and Rehabilitation Centre for older people able to provide approximately 10,500 appointments each year
- Diagnostic Imaging (x-ray, ultrasound and echocardiography) delivering approximately 26,000 appointments each year
- External hard standing for a mobile scanning facility i.e. MRI
- Podiatry delivering approximately 7,000 appointments each year
- Child and Adolescent Mental Health Services delivering approximately 7140 appointments per year
- Community Paediatrics delivering approximately 2,200 appointments per year
- Therapies for children providing physiotherapy, occupational therapy and speech and language therapy delivering approximately 4774 appointments per year
- A range of other children's services including school nursing, health visiting, dietetics and podiatry services

6.8 In conjunction with the Oak Park Community Clinic, Havant Health Centre will continue to deliver clinical and non clinical services, and will include the following:

- The Homewell GP Practice serving a population of approximately 12,600 patients
- The Staunton GP Surgery serving a population of approximately 7,600 patients
- Havant GP Surgery serving a population of approximately 2,800 patients
- The Curlew GP Practice serving a population of approximately 4,000 patients
- The Aspire Dental Care Ltd (private practice)
- Community Dental Service
- Red Cross Home Loans
- Phlebotomy
- An administration base for adult community teams relocating from Emsworth Victoria Cottage Hospital
- An administration base for therapy services

6.9 As ambulatory services will transfer from Emsworth Victoria Cottage Hospital to be delivered from Oak Park Community Clinic (with the exception of Red Cross Home Loans and Phlebotomy who will remain in the Emsworth area), community team bases will transfer to Havant Health Centre (with the exception of health visitors who will relocate to office

accommodation with children's services) Emsworth Victoria Cottage Hospital will be decommissioned and disposed of.

- 6.10 Children's Services clinical staff and non clinical staff administrative bases (currently located at Oak Park Children's Services) will need to be located elsewhere. Staff will travel to the Oak Park Community Clinic for their clinical work. An appraisal of office accommodation costs has been undertaken and forms part of this business case.

Third Party Income

- 6.11 The potential for third party income has been explored and the NHS Hampshire LIFT Project Team is satisfied that no viable third party options exist for Oak Park Community Clinic.

Future Proofing

- 6.12 The design has been future proofed through adopting as flexible a design as possible, although this will be restricted due to the fact that this scheme is a refurbishment of an existing facility. Any risks associated with this will be further developed and documented in the Stage 2 Business Case. The rooms have been designed to be flexible and standardised wherever possible and will be given a generic fit out. Oak Park Community Clinic has the potential to be used flexibly and adapt to change or new health care initiatives.

Community Based Services

- 6.13 The main shift from acute to community care is outpatients, diagnostics and the development of day assessment, treatment and rehabilitation services for older people. The PCT has included the local acute trust provider and the community provider in the design of the new service. The current providers will transfer staff to the new facility to provide these services and ensure seamless care pathways across primary, intermediate and secondary care.

Practice Based Commissioning (PBC)

- 6.14 Havant GPs are fully engaged in PBC and support the Oak Park Community Clinic scheme. The PBC manager and Lead GP for Havant are active members of the project board and will 'sign off' the final out patient case mix as part of the Stage 2 Business Case.

NHS Hampshire Commissioning Plans

6.15 The development of Oak Park Community Clinic is in line with PCT commissioning plans and forms an essential component of the hub and spoke model of care for the South East of Hampshire.

Design and Estates Matters

7. The purpose of this section is to outline the estates solution for the delivery of Oak Park Community Clinic.

General

7.1 NHS Hampshire has worked with the local community and clinicians to develop alternative ways of realizing the vision for local ambulatory services in the Havant area without the need for a new hospital building.

7.2 The paper “Delivering Health Services for the Population of Havant and South East of Hampshire” submitted to NHS H board in January 2010 proposed three different options for the provision of ambulatory services in Havant.

- Option A – Ambulatory Care based at Havant Health Centre
- Option B1 – Ambulatory Care based at Oak Park Children’s Centre with building extension
- Option B2 - Ambulatory Care based at Oak Park Children’s Centre without building extension

7.3 The board agreed that Option B1 was the preferred solution which identified capacity at Oak Park Children’s Services and Havant Health Centre (facilitated by providing a replacement administrative team base within the Havant locality for children admin teams) to deliver ambulatory services in Havant. NHS Hampshire Board instructed a Stage 1 Business Case should be developed for this option. Key factors to be taken into account in developing this option were agreed as follows:

- Primary consideration must be given to ensure that the key adjacencies of diagnostic imaging, outpatients and assessment, treatment and rehabilitation are retained in any proposed solution.
- The size of the catchment population will ensure sufficient demand for a diagnostic service to be fully utilised and sustainable.
- Red Cross Home Equipment Loans Service and the phlebotomy service currently located at Emsworth Victoria Cottage Hospital will be retained in Emsworth and will need suitable alternative accommodation. This could be with the local GP practice.
- Children’s clinical services currently delivered at Oak Park Children’s Services are to be retained within this facility And any plans to co-locate children’s and adult’s services must be in line with National Service Framework and other clinical requirements for children’s services.

- GPs and their support services would remain at Havant Health Centre.
- Diagnostics should be co-located with out-patients and a new assessment, treatment and rehabilitation day service.
- All clinical administration and team office space should be considered for re-location into office rented accommodation and only clinical services delivered from Havant Health Centre and Oak Park Children's Services.
- Emsworth Victoria Cottage Hospital will eventually be closed and disposed of and the respective capital receipts will be released for re-investment in local health facilities.
- The minor injuries service, which was provided as part of inpatient services at Havant War Memorial Hospital did not meet current expectations of a modern minor injuries service. Space would be identified that would facilitate the creation of a new minor injuries service, should additional capacity be required in future.

Design

7.4 The Oak Park Community Clinic design creates a 'sense of place' that shows the PCT in a positive light as a good neighbour as well as meeting the environmental challenges and obligations of a public body building (in addition to the key health benefits through:

- An attractive design and refurbishment that complements its surroundings;
- A design that will be approved by 'secure by design' the UK Police initiative supporting the principles of "designing out crime" by use of effective crime prevention and security standards.

Sustainability / Ecology

- Provision of a fully developed travel plan that will be approved by Hampshire County Council
- All necessary ecological surveys will be undertaken to minimise impact on Flora and Fauna;
- Consideration to be given to the location of the building extension and new car park area to ensure the facility sits well within its environment; particularly sensitive to the existing mature trees and woodlands;
- Design to be energy efficient:
 - well insulated building envelope
 - minimised uncontrolled air infiltration

- consideration of building form and window sizing, orientation and shading
- reduction of summertime overheating and use of natural daylight and lighting controls

Site Selection (VFM)

- 7.5 The total size of the Oak Park site is 6.42 acres. The site is divided by a narrow link roadway effectively providing two distinct areas. The smaller of these two areas is the site of the existing Oak Park Children's Services (Appendix 2), a Solent Community Solution's LIFT sample scheme which opened in March 2006. This area has a total size of 1.36 acres and was sold to Solent Community Solutions in 2005 when financial close was achieved.
- 7.6 The remainder of the site is owned by NHS Hampshire, an area of 5.06 acres (Appendix 3 - site outlined in red and green). All buildings on the site were demolished prior to site acquisition, with the exception of an electricity sub-station.
- 7.7 As part of the Oak Park Community Clinic scheme there is a requirement for a small section of the site owned by NHS Hampshire in its South West corner (Appendix 3 - area outlined in green), 0.38 acres in size with a book value of £248,978, to be used for car parking. It is proposed that this section of the site will be leased to LIFTco on a 125 year lease in exchange for a reduction in lease costs to the sum £27,876 per annum. The NPV for the reduction in lease costs over 18.5 years of lease remaining is £402,801.
- 7.8 In addition this lease will be structured in such a way that any proposed future development of the Oak Park site will enable the re-positioning of car parking if required. A 'lift and shift' clause will give NHS Hampshire as landlord the right to move the parking to a position on site to a no less commodious than that in the land lease. If this clause is evoked costs incurred for the movement of parking will fall to NHS Hampshire.

Site Selection Rationale

- 7.9 Solent Community Solutions have confirmed that their existing site is capable of being further developed as required and the existing Oak Park Children's Services building is suitable for the required conversion to deliver the Oak Park Community Clinic scheme.
- 7.10 Solent Community Solutions have undertaken a design process that has fully engaged with end users. A number of technical issues have been

addressed to ensure that the site selection is appropriate, these are outlined below.

Utilities

7.11 Solent Community Solutions through their construction partner (Morgan Sindall) has confirmed that the utilities capacity serving the site is sufficient for the conversion of the existing facility into Oak Park Community Clinic.

Planning & Highways

7.12 Planning permission for Oak Park Children's Services was granted on the 21st June 2004 and this included the provision of 65 car parking spaces. (Appendix 4).

7.13 The Oak Park Community Clinic scheme will require new planning permission to that of the original submission for Oak Park Children's Services as the new scheme requires an extension of 406 m² (to enable a separate entrance for children's services, increased waiting space for adult services, a new stairwell to the first floor and first floor extension to accommodate increased patient flows and a therapy exercise area) and a further 55 car parking spaces. The additional car parking spaces will be located opposite the existing facility, across Lavant Drive, on the Oak Park site land owned by NHS Hampshire.

7.14 The risks and mitigation associated with planning and highways for the development can be found in the risk register (Appendix 5).

7.15 The planning process will commence following Stage 1 Business Case approval. Until this process commences formal discussions cannot occur with local planning authorities. However, the technical team believes (based on obtaining planning permission for Oak Park Community Hospital) that these discussion will highlight the following topics, where agreement will need to be reached to successfully obtain a new planning approval:

- Green Travel Plan;
- Section 106 contributions;
- Increase level of traffic flows and parking provision;

7.16 The proposed site plan of Oak Park Community Clinic can be found in Appendix 3 – area outlined in blue. Solent Community Solutions are developing the information required for a planning application and this is programmed to occur at the end of October 2010 following approval of this Business Case in September 2010.

Treatment of NHS Land

- 7.17 Land disposal and management are dealt with in accordance with the principals of *Land and Buildings in PFI Schemes Version 2*, and the *Estatecode*.
- 7.18 Solent Community Solutions currently owns the freehold of the land. The current building has sufficient car parking for the existing Oak Park Children's Services. The PCT assumes that additional car parking will be required as part of the planning process.
- 7.19 An option appraisal was undertaken on the treatment of land. The PCT wished to provide additional car parking for Oak Park Community Clinic whilst retaining flexibility for future development opportunities. Two finance models were produced; one assuming land would be purchased by LIFTco, the other that the PCT would retain ownership and grant a long lease to LIFTco.

Based on Current Book Value of Land £249,000 Area 0.38 acres

Option	£000
LPA Variation with Land Purchase	537
LPA Variation Excluding Land Purchase	509
Difference	(28)

Net Present Value of the reduction in lease costs	£000
NPV of Reduction in Lease over Remaining Lease Term	(403)
Book Value of Land	249
Difference	154

- 7.20 This reduction will be accounted for over the life of the lease under Department of Health guidance 'Land and Buildings in PFI' using the Department of Health finance model 'Accounting for LIFT leases under PFI'.

- 7.21 The existing lease is a finance lease under current Department of Health IFRS Guidance based on IFRIC12 interpretation of IAS 17 'Leases'. See para 9.43 Balance Sheet Treatment .

Treatment of Surplus Land

- 7.22 The Oak Park land that is not incorporated in the Oak Park Community Clinic scheme will remain in the ownership of NHS Hampshire.
- 7.23 NHS Hampshire is currently working with Hampshire County Council and Havant Borough Council to produce a Master Plan for the Oak Park site that will consider the use of the land to deliver a spectrum of health and social care facilities. A separate paper setting out proposals for a revised model of bed based care for older people's intermediate care and older people's mental health services will accompany this Business Case and be submitted to NHS Hampshire Board for consideration in September 2010.

Development Consents

- 7.24 Included in paras 7.12 to 7.16.

Design Requirements

- 7.25 NHS Hampshire has produced a Design Brief and Tenants Requirements (Appendix 6) comprising departmental and facility wide operational policies in line with Community Health Partnership guidance.
- 7.26 The Operational Policies have been developed through close consultation with clinicians and in accordance with Department of Health guidance to ensure that best practice is adopted..
- 7.27 The Tenants Requirements have been developed in conjunction with clinical teams and Solent Community Solutions, clearly stating NHS Hampshire requirements to ensure that Oak Park Community Clinic is fit for purpose facility that impacts well on staff, patients and provides modern health care in a state of the art built environment.
- 7.28 The NHS Hampshire LIFT Project Team is confident that the design proposals reflect the requirements as set out in the Design Brief, Tenants Requirements and Operational Policies.

Achieving Excellence Design Evaluation Tool (AEDET)

- 7.29 To assess the design against the brief the NHS Hampshire LIFT Project Team have used the Department of Health approved AEDET tool. This is a well established design benchmarking tool that forms part of the guidance for ProCure21, PFI, LIFT and conventionally funded schemes.
- 7.30 AEDET is especially useful when reviewing healthcare building design which frequently involves complex concepts which are difficult to measure and evaluate. The Toolkit enables users to evaluate a design by posing a series of non-technical statements; these are broken down into the following main areas:
- Functionality:
 - Character & Innovation
 - Form & materials
 - Staff & patient Environment

 - Build Quality:
 - Urban & Social Integration
 - Performance
 - Engineering
 - Construction

 - People and their surroundings:
 - Use
 - Access
 - Space
- 7.31 The Oak Park Community Clinic design was subject to an AEDET evaluation (Appendix 7). Within the Tenants Requirements a minimum score of 4 was required for each section. The AEDET results are outlined in the table below. The Oak Park Community Clinic design has scored an average overall score of 4.8. However, it should be noted that one of the categories "Access" achieved a score of 3.9 which is below that of the stated minimum score level of 4.0. This is not considered to be a major risk at this stage as NHS Hampshire LIFT project team and Solent Community Solutions feel the concerns raised by the user group e.g. access/ signage from new car parking area, public transport access will be rectified following the commencement of the detailed design process and will be carried forward as a project risk into the Stage two business case development.

AEDET Scores, Actual Vs Target

AEDET Section	Score out of 6
Character and Innovation	4.8
Form and Materials	4.8
Staff and Patient Environment	4.8
Urban & Social Integration	5.0
Performance	5.0
Engineering	5.2
Construction	5.3
Use	5.0
Access	3.9
Space	4.5

Sustainability

7.32 Major Health buildings refurbishments are required to achieve a very good rating under the **BRE Environmental Assessment Method (BREEAM)**.

The objectives of BREEAM are:

- To provide market recognition to low environmental impact buildings
- To ensure best environmental practice is incorporated in buildings
- To set criteria and standards surpassing those required by regulations and challenge the market to provide innovative solutions that minimise the environmental impact of buildings
- To raise the awareness of owners, occupants, designers and operators of the benefits of buildings with a reduced impact on the environment
- To allow organisations to demonstrate progress towards corporate environmental objective

Oak Park Community Clinic will achieve a very good rating under BREEAM regulations. The full BREEAM review will be presented in the Stage 2 Business Case. Design implications to achieve these ratings will be developed through the detailed design process with outcomes reported in the Stage 2 Business Case.

Design Proposals

7.33 Solent Community Solutions have confirmed that the Oak Park Community Clinic design solution meets the approval criteria as set out

within the Strategic Partnering Agreement for Stage 1 approval and that NHS Hampshire requirements can be met.

Design Detail

7.34 User groups for each service have been extensively consulted with and confirm that they are confident that the design will be fit for purpose.

7.35 NHS Portsmouth, Portsmouth Hospital Trust and Hampshire Community Health Care will sub-let the facility from NHS Hampshire to deliver the following clinical services:

Service	Organisation	Activity
Outpatients	Portsmouth Hospitals Trust Hampshire Community Health Care Trust Care UK	24,000 p.a.
Therapies (adults) <ul style="list-style-type: none"> • physiotherapy • occupational therapy • speech and language therapy 	Hampshire Community Health Care Trust Solent Health Care Trust	20,000 p.a.
Podiatry <ul style="list-style-type: none"> • adults • children 	Solent Health Care Trust	7,000 p.a.
Diagnostic Imaging <ul style="list-style-type: none"> • x-ray • ultrasound • echo 	Care UK	26,000 p.a.
Assessment Treatment and Rehabilitation	Hampshire Community Health Care Trust	10,500 p.a.
Child & Adolescent Mental Health	Hampshire Community Health Care Trust	7140 p.a.
Community Paediatrics	Solent Health Care Trust	2200 p.a.
Therapies (children) <ul style="list-style-type: none"> • physiotherapy • occupational therapy • speech & language therapy 	Solent Health Care Trust	4774 p.a.
A range of other children's services including school nursing, health visiting and dietetics	Hampshire Community Health Care Trust Solent Health Care Trust	

- 7.36 The Design has been developed in conjunction with the users groups and this work is sufficiently advanced to enable a planning submission to occur and agreement of associated capital costs for the design.
- 7.37 The following documents have been sufficiently progressed (and reviewed by NHS Hampshire technical estates advisors) to a level that are suitable for a Stage 1 Business Case submission. These documents are subject to further design development and can be found in Appendix 8.
- Development statement;
 - Schedule of Accommodation;
 - 1:1250 site layout plan
 - 1:500 general arrangement block floor plan
 - 1:50 room layouts (2no specialist rooms)
 - Outline building, engineering strategies and specifications

Havant Health Centre

- 7.38 With ambulatory and children's clinical services based at Oak Park Community Clinic, Havant Health Centre will be the base for the following services:
- The Homewell GP Practice serving a population of approximately 12,600 patients
 - The Staunton GP Surgery serving a population of approximately 7,600 patients
 - Havant GP Surgery serving a population of approximately 2,800 patients
 - The Curlew GP Practice serving a population of approximately 4,000 patients
 - The Aspire Dental Care Ltd (private practice)
 - Community Dental (HCHC)
 - Red Cross Home Loans
 - Phlebotomy
 - An office base for Outpatient Physiotherapy, Podiatry, Community Physiotherapy, Community Occupational Therapy, Medical Occupational Therapy, Stroke Rehab, District Nurses, MRT, Twilight Nurses, Health Visitors, Dieticians (staff are either currently located at Havant Health Centre or transferring from Emsworth Victoria Cottage Hospital)

- 7.39 In order to provide suitable office accommodation for existing and transferring ambulatory staff, minor capital conversion works will be undertaken to first and second floor areas. These works are programmed to occur following the operational stage of Oak Park Community Clinic.
- 7.40 These works will be procured via a traditional form of contract, paid by capital monies and managed by NHS Hampshire estates team. The nature of these works include for minimal refurbishment works which include for redecoration, data and power movement and basin replacement. These works will not impede on the delivery of primary care services located on the ground floor with robust method statements be put in place during the construction phase of the work s and will be further developed through out the detailed design stage.

Children Service Office Accommodation

- 7.41 Prior to conversion works commencing at Oak Park Community Clinic, children's services' staff located in the existing building will need to be relocated to suitable office accommodation with good transport links to Oak Park Community Clinic.
- 7.42 Consultation with user groups has occurred and a design brief detailing the facility requirements for these services can be located in Appendix 6.
- 7.43 It has been identified that 1,067 m2 of office space will be required. A number of different accommodation options have been reviewed and are considered to be suitable by the project team; these options are both commercially owned and existing publically leased space.
- 7.44 The options are not detailed in the business case as they are considered to be commercially sensitive in nature, as detailed negotiation with land lords has not commenced. However, further detail for accommodation are shown in Section 9.18 with the recurring revenue implication of this accommodation being included within the financial appraisal of this business case
- 7.45 In order to achieve the project milestones (Appendix 9) the children's services office base will be relocated before financial close occurs (if a lease is not entered into until January 2011 approximately four to five months will be added to the project programme); leaving accommodation within the existing facility emptied and conversion works able to commence ("construction and phasing works "section). This in turn will allow clinical children services to continue using the facility throughout the duration of the construction works, relocating into the purpose built facilities following completion of phase one works.

Decanting and Phasing works

7.46 Throughout the conversion of Oak Park Children's Services into Oak Park Community Clinic, children's clinical services will be in operation at the facility. The proposed phasing of works will fall into the following:

- Children teams move into off site office accommodation, once complete the following will commence;
- **Phase one** – The conversion and extension of existing Oak Park Children's Services east wing into purpose built children's clinical area can begin, however, for these works to commence children clinical services will temporarily decant into identified areas, plan illustrating can be found in Appendix 10.
- **Completion of Phase one** – children's services clinical teams move into converted east wing over a period of two weeks.
- **Phase two** – All other areas are converted into clinical accommodation for ambulatory care.
- **Completion of Phase two** – Practical completion of the Oak Park Community Clinic scheme is achieved. Clinical services are transferred from Havant Health Centre and Emsworth Victoria Cottage Hospital and Oak Park Community Clinic becomes fully operational.
- **Havant Health Centre** – First and second floors are converted into an office base.

7.47 The key risks associated with the phasing of works are as follows:

- Children's office accommodation lease entered into before financial close occurs.
- Children clinical services will be delivered from a facility undergoing major conversion works. Robust construction plans and method statements will be developed to mitigate any risks to service delivery
- Once phase one works complete, children services must decant into converted space within two week period, if not achieved NHS Hampshire will be in breach of the project agreement and liable to incur a compensation event.

7.48 The phasing of works will be further developed through out the detailed design stage and robust plans agreed with Solent Community Solutions or incorporation within the project agreement before financial close is achieved. These plans will form part of the Stage Two Business Case submission.

Clinical Functionality

7.49 In line with LIFT best practice Solent Community Solutions have retained all clinical functionality risk.

Technical Derogations

7.50 Oak Park Community Clinic has been designed to comply with Department of Health technical guidance; Health Building Notes (HBNs) / Health Technical Memorandum (HTMs), other Department of Health guidance and Building Regulations. As the Oak Park Community Clinic scheme is predominantly a refurbishment of an existing facility, which, in its nature will always attribute technical difficulties that would not usually form part of a new build facility, Solent Community Solutions and its supply chain have worked with the NHS Hampshire project team to minimize design implications and any derogation to Department of Health national design standards. Appendix 11 details derogations that have been identified by Solent Community Solutions which need to be further developed so as to remove limit or mitigate derogations before achieving Stage 2 Business Case approval.

7.51 Any derogations that remain in place at the time of Stage 2 Business Case approval will be clearly identified, including the risk associated and its technical mitigation so as to reduce any risk exposure to NHS Hampshire.

Design Governance

7.52 The Project Board is aware of its duties to ensure that robust design governance procedures are in place. To fulfill this duty the Board has:

- Appointed a well rounded and professional project team to produce the design brief, to review proposals and to provide professional, independent advice as and when required
- Appointed a design champion to promote quality within the scheme
- Invested in training when necessary to ensure the project team has the necessary skills to complete their tasks

7.53 A key element of design governance is that the design must fulfill the approval criteria for new schemes as set out within schedule 4 of the Strategic Partnering agreement (SPA):

- Ensure that the cost of the new scheme is within the Affordability Cap or any increased Affordability Cap notified to LIFTCo by the Affected Participants;
- Demonstrate that the new scheme provides value for money;
- Demonstrate whether the new scheme meets the participants' requirements as identified at the time a new scheme becomes a Stage I Approved Project
- Demonstrate whether the implementation of the new project would breach Law

7.54 The key criteria set out above have been closely monitored and NHS Hampshire LIFT Project Team is satisfied that they have been met.

Commercial Matters

Commitment to Latest Version of LRA

8. Oak Park Children's Services reached financial close on the 9th February 2005. This was achieved with the adoption of version 4 of the nationally developed Lease Plus Agreements (LPA) that have been developed by the Department of Health for LIFT schemes.
- 8.1 It is proposed that a variation to the existing LPA will be adopted for the conversion of Oak Park Children's Services into the proposed Oak Park Community Clinic scheme. It is understood that the variation will be instigated using the major variation clause of the Oak Park Children's Services project agreement. It is also proposed that this variation will be undertaken on the ethos not to put any party in a disadvantage to that which is currently enjoyed under the existing project agreement.

Project Specific Issues

Variation of the existing LPA

- 8.2 The basis of the proposal is to vary the existing LPA to allow the extension and reconfiguration project to be completed efficiently and cost effectively in a way that represents value for money.
- 8.3 The over-riding intention is for the risk profile and commercial terms to mirror so far as possible those in the existing LPA including the Service Specifications, Payment Mechanism and other matters. The only changes which are proposed are those which are a consequence of the revised NHS Hampshire requirements to create the Oak Park Community Clinic as notified to Solent Community Solutions and changes in law (for example in relation to CDM Regulations).
- 8.4 Issues for further discussion and agreement will include:
 - Reinstatement of appropriate provisions from Part B (Development Phase) of the LPA, including granting SCS 1 a licence to enter to carry out the works, conduct of the works, design review procedure, the rights of the Tenant's Representative to inspect, relief events, certification and commissioning.
 - Suspension of the payment mechanism where unavailability is a consequence of carrying out of the works.
 - Amendment to the Definitions, including the Residual Value.

- Amendments to plans and technical schedules including the Tenant's Requirements and Landlord's Proposals, Insurances, updating Schedule 9 Part 2, Schedule 10 and Table 1 (the Payment Mechanism).
- Updating of service specification relating to the existing FM agreement
- The Credit Agreement and funder security documentation will be varied and supplemented in accordance with current market conditions. This will include a legal charge over any additional land interests acquired by SCS 1.

8.5 In addition, it will be necessary to incorporate any amendments required by the senior debt funder including but not limited to the terms of the funder's direct agreement for the financing of the variation.

Additional Land

8.6 The Oak Park Community Clinic scheme will require part of the Oak Park site in the ownership of NHS Hampshire for the use as additional car parking space. These car parking spaces will form part of the planning approval process.

8.7 It is proposed that incorporation of land is best achieved if NHS Hampshire grant to Solent Community Solutions a 125 year lease at a peppercorn rent of £1 per annum. This lease will allow Solent Community Solutions to provide security to its funder to enable the construction of car parking. Solent Community Solutions will then lease the car parking spaces back to NHS Hampshire either by amending the demise within the proposed variation to the existing LPA or via a standard form of supplemental agreement. The configuration of this agreement will be further developed through the Stage 2 Business Case process.

Funder Selection

8.8 Barclays is the existing funder for Oak Park Children's Services. As such they have security over the building and the income under the existing Lease Plus Agreement.

8.9 It would not be possible to have a second Senior Debt provider for the variation on the basis that there would not be a separate LPA payment stream or a physically separate legal interest in the Oak Park Community Clinic scheme without the consent of the existing senior debt provider (Barclays).

- 8.10 Any other senior debt provider would be unlikely to accept a subordinated position to that of Barclays and consequently unless the additional payment stream can be completely separate from the existing Oak Park Children's Services and a solution found whereby the interest in land is separate then Solent Community Solutions would not be able to agree funding costs at senior debt rates. On this basis Solent Community Solutions propose that the funder for the Oak Park Community Clinic variation is Barclays.

Refinancing of Fund Co 1

- 8.11 Oak Park Children's Service reached financial close in February 2005. The existing senior debt facility is provided by Barclays Bank and currently attracts a margin of 95bps over LIBOR for the Tranche A (amortising) and 100bps (non-amortising) for Tranche B. The facility is due for repayment on 5 March 2031.
- 8.12 It is assumed that 40% of the original facility will be repaid from the Residual Value of the property. SCS has entered into a fixed rate interest rate hedge against movements in LIBOR.
- 8.13 Current market rates for senior debt are significantly higher than was agreed for Oak Park Children's Services and therefore we do not believe there is an opportunity to beneficially refinance the existing senior debt.
- 8.14 The price for Oak Park Community Clinic will be set, in the usual way, at a rate which permits Fundco to finance the construction and Up-front costs and provide an agreed return to investors.
- 8.15 As a matter of principle, Solent Community Solutions believes that the additional Lease Plus payment for Oak Park Community Clinic should not provide funding or compensation in any way for any reduction in return or losses which may have arisen in the original deal. Nor should any increases in return in the original deal (should there be any) subsidise or otherwise reduce the price for Oak Park Community Clinic i.e. Oak Park Community Clinic should be transacted on a basis that leaves Solent Community Solutions in a 'no better - no worse' position in respect of the original deal.

Payment Mechanism

- 8.16 The Oak Park Community Clinic scheme will be subject to a standard Version 4 payment mechanism. In order to incorporate Oak Park

Community Clinic into the existing Oak Park Children's Services payment mechanism currently in place it is proposed that a revised payment mechanism will be agreed between parties that will enable an "no better – no worse" position to be achieved than currently enjoyed

8.17 A proposed payment mechanism for Oak Park Community Clinic can be found in Appendix 12. This document will be further developed through the detailed design stage and be agreed between NHS Hampshire its specialist consultants and Solent Community Solutions at Stage 2 Business Case approval following further development.

8.18 The key risk associated with the payment mechanism is as follows:

- Solent Community Solutions require NHS Hampshire agree to waive their rights under the Oak Park Children's Services LPA to make deductions in respect of accommodation at Oak Park Children's Services used to deliver clinical services during the phasing of the construction works.
- Solent Community Solutions have requested that It will be essential for all contractual rights under existing project agreement to make unavailability deductions / exercise self-help to be waived to the extent this relates to the carrying out of the extension and reconfiguration works for the Oak Park Community Clinic scheme.

8.19 So as to mitigate the risk to NHS Hampshire and its service providers Solent Community Solutions have proposed a detailed method statement and phasing / construction programme will be developed and agreed as part of the project agreements. These documents will be agreed with NHS Hampshire Lift Project Team as part of the Stage 2 BC approval process.

Key Issues and Derogations Report

8.20 Project specific issues that will impact on the Oak Park Children's Services LPA to achieve the Oak Park Community Clinic variation are detailed in paras 8.2 – 8.5. Upon agreement of these issues any derogations to standard form agreements will be approved by NHS Hampshire LIFT project team and reported in the Stage 2 Business Case.

Interest Rate Buffer

8.21 The financial model includes a buffer rate of 50 base points in line with Treasury guidelines for stage 1 approval. This buffer could increase or decrease depending on the prevailing interest rates as required at this stage of the project. This gives a buffer against a movement in interest

rates between stage 1 approval and financial close. More detail on the interest buffer is given in para 9.27.

Fundability

8.22 The project will be an extension to the senior debt facility provided by Barclays bank the funder for Oak Park Children's Services.

Subcontracts and Supply Chain Contracts

8.23 It is proposed that the now expired Construction Framework Agreement with formerly Morgan Ashurst now Morgan Sindall (Construction) Ltd is extended to embrace this project. The warranties in place for elements of the structure not affected by the new works will remain unaltered. New warranties will be sought to cover new or warranty void works

Equipment

8.24 The equipment process will be managed by the Oak Park Community Clinic Commissioning Manager who will ensure that Best Practice and Value for Money are delivered by the equipment element of the project.

The Commissioning Manager will:

- Ensure that the implications of design proposals on equipment considerations (including costs), are understood by the NHS Hampshire LIFT Project Team.
 - Ensure that a delivery system is fully developed to allow the smooth equipping phase of the build.
 - Ensure that the ADB sheets are fully developed and that appropriate cross referencing with the equipment database is undertaken and maintained.
 - Ensure that the equipment strategy is and remains fit for purpose and adequately reflects the PCTs strategic intentions and 'best practice'.
 - Manage the equipment transfer and commissioning process.
- 8.25 The commissioning manager is responsible for the overall delivery of the equipment procurement process.
- 8.26 Each sub tenant is responsible for the provision of equipment within their area.
- 8.27 Due to the specialist nature of the equipment required by the Diagnostic Imaging department and its impact on room design, the provider

organisation for Diagnostic Imaging will be responsible for the 'fit-out' of the imaging rooms.

Proving Affordability

Financial Appraisal

9. The Oak Park Community Clinic Stage 1 Business Case deals with the costs of reconfiguring Oak Park Children's Services to enable outpatients, therapies and diagnostic services to be provided for the Havant area and to acquire alternative clinical administration offices off site. The costs in this business case are the incremental premises costs arising from this work. This business case assumes that the non premises costs associated with services planned for the building will transfer from the locality or acute setting to Oak Park Community Clinic and that this transfer will be at least cost neutral.

Oak Park Community Clinic

- 9.1 NHS Hampshire Board considered a proposal that the ambulatory services included in the original scheme could be provided from Oak Park Children's Services which a 2009 post project evaluation had demonstrated was significantly under utilised. A high level feasibility study had been undertaken to test whether these premises could be adapted to provide ambulatory care services from this location. The costs at that time were estimated at around £700,000 per annum. The board agreed that a business case should be developed for the provision of ambulatory services from an adapted Oak Park Children's Services.
- 9.2 As the development is mainly based on existing premises the estimated incremental costs of developing this option are the subject of this business case. However for affordability and value for money testing purposes estimates have been prepared, based on draft schedules of accommodation, of the premises costs for each service provider in the building. This paper covers the following areas:
- Capital costs of Project and funding
 - Additional Lease Charge arising
 - Premises costs
 - Capital charges arising
 - Risk of impairment loss
 - Allocation of premises costs to service providers
 - Accounting Treatment
 - Land Treatment
 - Residual Value
 - Value for money

Methodology

9.3 In completing these cost estimates we have used:

- Indicative schedules of accommodation based on anticipated activity compiled with the assistance of an independent health planner.
- Estimated capital costs prepared by an independent quantity surveyor based on current MIPS (construction) forecast outturn prices adjusted for inflation. These capital costs are shared between LIFTco and the PCT. A copy of Cyril Sweett's cost (OB) forms can be found in Appendix 13.
- Finance models 'Oak Park Extension Model v5 excluding land cost & v6 including land cost' have been used to calculate the resulting variation in lease price. The inputs to this model have been agreed by members of the project team and technical advisors appointed by the PCT. The resulting model has been reviewed by the PCT's independent financial advisors. A copy of the finance model v5 and Ernst & Young financial report can be found in Appendix 14.
- Other premises cost estimates which are based on our experience of PCT premises.
- Estimated impairment loss risks using data from earlier schemes

Background

9.4 Oak Park Community Hospital was a significant development within the South East Capacity Plan. In January 2010 NHS Hampshire Board reviewed the plans for Oak Park Community Hospital. The cost model when updated to current prices showed that it would cost a net additional £3.7 million recurring revenue per year which was considered unaffordable. In addition the model of care for older person's bed based care in South East Hampshire was also under review at this time.

9.5 The Oak Park Community Clinic scheme consists of a complex arrangement to transfer some ambulatory services from Emsworth Victoria Cottage Hospital, Havant Health Centre and Queen Alexander Hospital and reconfiguration of the accommodation for the existing services in Oak Park Children's Services. The internal reconfiguration and extension works required a major variation to the existing PCT lease. The finance model (Oak Park Extension model v5) referred to in this text deals only with the additional lease costs due to this reconfiguration. The additional capital, non recurring and recurring revenue costs which arise as a consequence of the schemes are included in Tables 1 - 5 below.

Affordability

Capital Costs

9.6 The LIFTco finance model (Oak Park Extension model v5) which informs the lease agreement requires £5.2m of funding to cover Capex costs, bid costs, bank fees, interest and operational costs such as lifecycle, Hard FM and insurance. This will be funded from a mixture of senior (Barclays) debt and equity investment by the LIFT shareholders. In addition the PCT requires £845,000 for equipment, fees and conversion works to be undertaken by the PCT. This will be funded from sale receipts for Redclyffe House and Emsworth Victoria Cottage Hospital.

Table 1 - Capital (Capex) Costs

Funding uses:	Oak Park Community Clinic	Havant Health Centre	Clinical Admin Offices	Total
	£000	£000	£000	£000
Capital & NRR costs net of recoverable VAT	4,701	276	432	5,409
LIFT costs including interest and operational costs	1,267			1,267
Non Recurring Revenue (NRR) fees and works	(300)	(100)	(200)	(600)
Capital costs of Construction	5,668	176	232	6,076
Funded by:				
LIFT Capital funding recovered through annual lease payment Finance model v5	5,231			5,231
NHS Capital:				
Capital Receipt on sale of Redclyffe House & Emsworth VCH	438	176	232	845
Total Funding	5668	176	232	6,076

- 9.7 As part of the funding for the lease the PCT will provide 20% or £115,400 of the £565,000 shareholder funds required. This will be funded from the PCT Capital Resource Allocation at financial close in May 2011. The PCT will receive interest and dividend income from this investment. At Stage 2 business case details of this income will be included but at this stage it has been ignored as a future fund flow.

Impact of Balance Sheet Treatment (IFRIC 12)

- 9.8 The adoption of the LIFT lease variation onto the PCT balance sheet (see para 9.43) at an estimated £4 million will require matching Capital Resource funding. Part of this will be funded from estimated £1.3 million sales receipts from the sale of St Christopher's, the remainder will have first call on the PCT capital allocation. For information the 2010/11 allocation, before the 20% cap, was £10 million.

Capital Cost Risks

- 9.9 Capital costs can increase or decrease due to inflation, the effect of detailed planning and optimum bias which is recognition that public sector projects can underestimate costs. An allowance has been made for these risks in the costs. Construction cost price risks have been transferred to the LIFT supply chain. For the PCT an allowance of £256,000 for risks against price changes is included in the capital costs.

Recurring Revenue Costs

Estimated Lease Charge – Variation to Existing Lease Charge

- 9.10 The LIFT process involves the PCT and Solent Community Solutions jointly producing an estimate of the lease plus charge which is then used as a basis for the affordability cap. Once the Stage 1 Business Case is approved the affordability cap cannot be breached at Stage 2 unless there are specific circumstances and the PCT consents.
- 9.11 The Lease plus charge is a revenue cost covering a range of elements, not just the initial capital cost of the building. The costs included in the lease charge are:
- Capex or capital cost of the building works
 - Capital value of any additional land contributed under a lease agreement
 - Legal technical and due diligence costs associated with closing the specific project
 - Lifecycle costs for the buildings remaining lease term
 - Hard Facilities Management (FM) for the remaining lease term

- Partnering services such as property advice, design services and technical advice provided by Solent Community Solutions to the PCT.
- A contribution to the overheads of running Solent Community Solutions (General Manager, Chairman, administration)

Table 2 – Summary of Oak Park Community Clinic extension lease cost and payment impact per m2

Summary Of Oak Park Community Clinic Extension Lease Cost	Use of Finance £000
Construction, fees and other costs including interest	4,357
Lifecycle costs, Hard FM, Partnering Costs, Bid Costs, Insurance & SCS Running costs	885
Total Funding Uses	5,241
Sources of Funding;	
Senior Debt- Barclays Bank Funder 89%	4,665
Equity- Shareholders including 20% PCT 0.23%	12
Subordinated Debt- Shareholders including 20% PCT 10.77%	565

9.12 The senior debt (Barclays) funding to equity (shareholders funds) ratio is relatively low, a higher gearing would result in a slightly lower lease charge the PCT assume however given the shorter lease term LIFTco feel the funder will require a lower gearing ratio. At Stage 2 a funder term sheet will be available for confirmation.

The shareholder Equity and Sub-debt contribution will be:

Solent Community Solutions	60%	£346,020
Community Health Partnerships	20%	£115,400
Hampshire PCT	20%	£115,400

The PCT contribution of £115,400 will be funded from the capital resource allocation in 2011/12.

Table 3 – Breakdown of Oak Park Community Clinic extension lease charge per m2.

Breakdown of Oak Park Community Clinic Extension Lease charge per metre	£/m2 p.a
Construction, fees and other costs including interest	192.17
Lifecycle costs, Hard FM, Insurance & SCS Running costs	20.06
Total per m2 GIA	212.23
Total additional lease per annum @ 2399m2 GIA at financial close date May 2011	£509,149

- 9.13 The finance model provides a lease charge at an RPI base date of July 2010. The lease will be subject to RPI from this date at its inception, the model assumes RPI is 2.5% per annum in accordance with the NHS Business Case Guidance. For planning and affordability the financial close date (May 2011) cost has been used for modeling purposes.
- 9.14 The variation to the lease charge is £509,149 per annum which, when added to the existing lease charge of £644,000 for Oak Park Children's Services, makes the lease charge for the whole facility £1,153,556 before pass through costs such as rates and utilities.
- 9.15 The gross lease charge of some £537,000 is reduced by some £28,000 because the PCT intends to grant a 125 year lease for the additional land for car parking expansion that is likely to be required under planning permission. Treatment of land is given in more detail in para 7.17 - 7.23.

Affordability within the Local Health Economy

- 9.16 The Oak Park Community Clinic and associated developments form a key part of the local health economy's plans for services underpinned by Portsmouth Hospitals PFI development.
- 9.17 The PCT has been in discussion with the Diagnostics Provider on the extension of the ISTC contract regarding diagnostic facilities to be provided from the site and they have been fully involved in identifying the design and operational requirements.
- 9.18 NHS Portsmouth, Solent Health Care and Hampshire Community Health Care have been represented on the Oak Park Steering Group and their

- clinicians have been fully involved in the design and operational requirements.
- 9.19 Some services including outpatients and therapies will transfer from Havant Health Centre nearby. This will release space to develop primary care services. These works have been estimated at £272,000 and the PCT will need to fund this from capital resource.
- 9.20 Currently clinical administration is undertaken from Oak Park Children's Services however the PCT feels that this is an inefficient use of space that could be used to co-locate clinical services. To that end options for alternative offices have been identified. An option appraisal identified nearby commercial premises as the best solution and negotiations have commenced with respect to the lease. Capital costs of converting and equipping this space have been estimated at £472,000. However the premises, having been recently refurbished, are in good condition with good IT links. The PCT hopes that further feasibility work by the technical team will reduce these costs before Stage 2.
- 9.21 The recurring revenue costs of £880,000 associated with this development will be met partly from the closure of Emsworth Victoria Cottage Hospital. However, the PCT recognise that there are considerable remaining costs of approximately £750,000 which will need to be met from savings generated from service re-design and greater efficiencies.
- 9.22 The total annual premises costs are estimated at £1.8m however existing premises budgets of £1m mainly from Oak Park Children's Centre and Emsworth VCH will offset this cost resulting in a net additional cost of £750,000.

9.23 **Table 4 - Affordability Analysis**

Estimated Cost per annum	£000
Additional Lease price	509
Estimated OPCC Additional Premises Costs	45
Additional Admin Offices Premises Costs	194
Capital Charges Arising	132
Total Incremental Premises Costs Payable	880
Less, current cost savings Emsworth Victoria Cottage Hospital	-130
Less, savings from older people's enhanced model of care re-invested	-765
Affordability Cap- cost neutral target	-895
Affordability cap buffer	-15

Payment by Results (PBR) and Non-Tariff Activities

9.24 The PCT is acutely aware that the implication of Payment by Results will be a key issue for all organisations providing services from the Oak Park Community Clinic. Inevitably the cost of providing new facilities for existing services is likely to put pressure on service providers attempting to contain costs.

9.25 The PCT has calculated as part of the initial costings, the impact on the premises related costs to the various service providers within Oak Park Community Clinic and environs. To ensure that the scheme is affordable to the local health economy the PCT has estimated the likely income generated by the facility under the national tariff structure. This model is shown in Appendix 15.

9.26 Where no tariff is in place e.g. community and mental health services, national reference costs and local data have been used to estimate the income generated. In order to test affordability for each service the projected activity has been multiplied by the relevant tariff. Premises costs based on indicative schedules of accommodation have also been calculated. The PCT aims to ensure that the premises costs are around 20% of the total income for the premises.

9.27 Potential income has been estimated both at the initial occupancy of the building and at its full capacity. Appendix 15 shows, based on these tariffs and activity assumptions, the overall percentage at initial occupancy is 16%. If full business case activity is achieved the premises costs fall to 12% of the potential income. For some individual services such as therapies the 20% test is inappropriate as their clinical space requirement is greater than other services.

Allocation of Revenue Costs

9.28 Indicative schedules of accommodation have been used to allocate costs for both the Oak Park Community Clinic and the Clinical Admin offices to potential service providers.

Table 5 – Premises Costs per Annum by Service Provider

Premises costs per annum by Service Provider	m2 GIA	OPCC £000	Other Premises Costs Including Offices £000	Total cost per service £000
Portsmouth Hospitals Trust	221	140	0	140
Diagnostics and Retinopathy Provider	375	227	0	227
Hampshire Community Health Care	1173	743	232	975
Solent Healthcare	630	400	50	450
Total	2399	1,510	282	1,792

Note; the precise allocation of costs between tenants will be finalised when detailed schedules of accommodation are agreed.

Revenue Cost Risks

9.29 Revenue costs can increase or decrease due to inflation and funder market rates. The 'swap rate used in the financial model is 4% which is consistent with prevailing market rate of 3.25% for a loan of this term. In accordance with Treasury guidelines a buffer rate of 50 base points (0.5%) is included in the model. At Stage 1 therefore a buffer of some 125bp (1.25%) is included against subsequent movements in interest rates between stage 1 approval and financial close. This buffer could increase or decrease depending on the prevailing interest rates

Premises Costs

9.30 The following table summarises the projected premises revenue costs of the Oak Park Community Clinic. Overall the table shows that the projected costs of the clinic and associated premises are approximately £1.79 million per annum. At stage 1 these costs are based on estimations and further work is required to complete the exercise.

Recurring Revenue consequences

Table 6 – Recurring Revenue Consequences

	PHT £000	HCHC £000	Diagnostics Provider £000	Solent £000	Total £000
Space m2	221	1,173	375	630	2399
Revised Lease charge Oak Park Community Clinic	106	564	180	303	1,153
Estimated Premises Costs and Capital Charges OPCC	34	179	47	97	357
Clinical Admin Offices Premises and Capital charges	0	206	0	50	256
Havant Health Centre Capital charges	0	26	0	0	26
Total	140	975	227	450	1,792
Funded by:					
Existing costs Emsworth – assume re-cycled	0	115			115
Existing costs Oak Park CC- assume re-cycled	0	558		354	912
Other Premises costs released- assume re-cycled			16		16
Net Revenue costs to be met from savings and efficiencies	140	302	211	96	749

9.31 The PCT is currently undertaking a review of the models of care for older people's intermediate care and older people's mental health services in South East Hampshire and early indications show that these savings can be achieved. It is hoped that this will result in overall cost neutrality for the Oak Park scheme.

9.32 The significant financial impact associated with the capacity map is recognised by the local health economy and given the financial constraints projected in the medium term it is assumed that efficiency savings and service re-design will meet the net ongoing revenue consequences.

The PCT is working with other stakeholders in quantifying how these savings will be delivered. This will be developed in further detail as part of the Stage 2 Business Case. It is assumed that existing premises costs are included in the respective Service Level Agreements and that the additional premises costs will be the subject of Service Level Agreement negotiations.

Non Recurring Revenue Costs

Project costs, fees and minor works

9.33 Non recurring revenue costs for the project team, independent advisor fees and non capital works are estimated at £600,000.

Impairment Risks (loss on revaluation)

9.34 The PCT have assumed that any loss on revaluation in respect of completed capital works and assets held for sale will not be funded by the DH as is currently the case. In addition it is assumed that any fall in value resulting from the District Valuer's valuation of Oak Park Community Clinic for balance sheet purposes, required under IAS 16 Premises Plant and Equipment, will not be centrally funded as now through 'IFRIC 12 support'. These costs and risks are estimated as:

Emsworth Victoria Cottage Hospital book value to market value	£300,000
PCT Capital works valued on completion	£110,000
DV Valuation of Oak Park at lease inception	£1,400,000

Partnering Costs

9.35 Partnering services of £308,000 have been included in Solent Community Solutions financial model. In line with the 2008 Management Agreement total bid costs of £283,586 have been included. The total upfront costs including a contingency are £666,761. The PCT performed due diligence tests on these costs before agreement was reached on their inclusion in the finance model. There is a risk that, should the PCT abort the scheme

through no fault of LIFTco then LIFTco would seek to recover those costs from the PCT.

VAT Treatment

9.36 The PCT is currently entitled to recover VAT on all LIFT lease charges with the exception of GP premises under the Contracted Out Services regulations heading 45. This will be formally confirmed with HMRC before financial close. For the Capital and one off revenue costs we have assumed that 100% of fees have recoverable VAT and that some 35% of VAT is recoverable on the minor works. Full 20% VAT is included in the equipment costs.

Capital, Lifecycle and Facilities Management Costs

9.37 To facilitate examination of capital costs the PCT technical cost advisors have prepared OB forms at MIPS outturn with an allowance for inflation, planning risk and optimum bias. From these the capital costs fees and cost risks attributable to LIFTCo and the PCT direct costs including capital works to other premises, equipping costs and fees have been calculated. These forms are included in Cyril Sweet report with a PCT analysis table at Appendix 13.

9.38 Whilst Stage 1 is within the affordability cap it is based on schedules of accommodation prepared by the PCT in conjunction with an independent health planner and appraised by the PCT technical advisors. At Stage 2 a detailed design process may result in changes to these schedules. The PCT is aware that these changes must be cost neutral and be managed within the contingencies allowed in the Stage 1 costs. In addition the works are complex and take place within an existing building that must continue to provide services during the construction process.

9.39 Cyril Sweett considers Solent Community Solutions capital cost plan square metre rates to be value for money. Cyril Sweett are of the opinion that Solent Community Solutions Lifecycle and Hard FM costs are value for money.

Residual Value

9.40 The Oak Park model uses a typical standard LIFT approach in which the residual value is the proceeds which Fundco expect to receive from the sale of the facility at the end of the primary lease term. The residual value reduces the Lease Plus charge by anticipating a 'lump sum payment at lease term and by allowing for an advantageous 'bullet payment' method of funding term. The 'bullet' part of the funding is interest only terms with

- the capital being repayable at the expiry of the lease when sale proceeds can be used to repay the debt.
- 9.41 The residual value percentage assumption in the finance model is 36.3% and the residual value is £1.32m. LIFTCo state that this is consistent with other recent projects where Barclays has provided the senior debt.
- 9.42 At Stage 2 and prior to financial close confirmation will be sought from the District Valuer on the residual value.

Balance Sheet Treatment

- 9.43 Current HMT guidance on IFRIC12 (Financial Reporting Interpretation Committee) considers the risks and rewards of ownership and identification of a finance lease under International Accounting Standard (IAS) 17 'Leases'. Using the criteria set out in IFRIC 12 the Audit Commission advised that the large majority of LIFT schemes were required to be accounted for 'on balance sheet' as a service concession rather than a lease. The PCT anticipates that this scheme will remain on the balance sheet at its enhanced value in accordance with IAS 16 'Property, Plant and Equipment (PPE)' and will be revalued by the District Valuer at the new lease inception date. The balance sheet impact will require Capital Resource Limit funds. Any one off fall in value will be treated as an impairment loss impact in the PCT operating plan.
- 9.44 To date this 'IFRIC12 impact' has been funded by centrally however the Department of Health advise that schemes which close after 2009 will be ineligible for additional funding support.
- 9.45 This situation could change however and these costs are shown to highlight the cost implications. The PCT plans to part fund this CRL impact by receipts from the sale of St Christopher's site anticipated to be around £1.3 million. The remaining resource requirement of £2.7 million will have to be a first call on the PCT capital allocation which in 2010, prior to capping at 80% was £10 million.

Table 7 - Capital resource Impact of Accounting Treatment Under IFRIC 12 Guidance

	Oak Park Community Clinic £000	Havant Health Centre £000	Clinical Admin Offices £000	Total £000
Estimated 'fair value' at lease variation inception	4,000	0	0	4,000
Funded				
Capital Receipt from Sales	1,300	0	0	1,300
1 st Call on NHS Capital Resource Allocation	2,700	0	0	2,700

Equipment

9.46 Wherever possible medical equipment will be transferred with the services, where this is not possible the PCT, with the exception of diagnostics equipment, will need to fund the equipment requirements. At this stage equipment costs have been estimated by the PCT technical advisors as £568,400, at stage 2 an equipment list will be produced as part of the detailed design development. Capital charges resulting from this expenditure has been included in the cost estimates.

9.47 PCT Financial Position**Table 8**

Annual Accounts Audited 2009/10	486k surplus
Forecast Outturn Position 2010/11	Break Even
Forecast Outturn Position 2011/12	Break even
Forecast Outturn Position 2012/13	Break even
Forecast Outturn Position 2013/14	Breakeven

The tables below show the phasing of the PCT investment required

Table 9 - NHS Capital Resources Impact – Phasing

Year	Oak Park Community Clinic £000	Havant Health Centre £000	Clinical Admin Offices £000	Total Capital Resource £000
2010/11	0		0	0
2011/12	153	30	232	415
2012/13	400	145	0	545
Total	553	175	232	960

Table 10 - Phasing of Additional Revenue Impact

	Oak Park Community Clinic £000	Clinical Offices and Havant HC £000	Total £000
Additional Revenue Costs 2011/12 Part Year Effect	0	200	200
Additional Revenue Costs 2012/13 Part Year effect	300	55	355
Additional Revenue Costs 2013/14 Full Year effect	298	(104)	194
Total Cumulative Costs	598	151	749

Table 11 - Non Recurring Revenue Costs - Phasing

	NHS Project Costs £000	Impairment Loss on Revaluation £000	IFRIC 12 Revaluation £000	Total £000
Additional one off Revenue costs 2010/11	200			200
Additional one off revenue costs 2011/12	200	40		240
Additional one off revenue costs 2012/13	200	370	1,400	1,970
Total	600	410	1400	2410

Summary

9.48 The scheme will require: £4.960m Capital resource
£0.750m Recurring Revenue
£2.410m Non Recurring Revenue Funds

Table 12 - Summary Financial Implications

	Capital Resource £000	Non Recurring Revenue £000	Recurring Revenue £000	Total £000
2010/11	0	200	0	200
2011/12	415	240	200	855
2012/13	545	570	355	1,470
2012/13 IFRIC 12 Resource only	4,000	1,400	0	5,400
2013/14			194	194
Total	4,960	2,410	749	8,119

9.49 The cost inputs for the scheme have been the subject of value for money testing by independent advisors appointed by the PCT. Option appraisals have been undertaken on the treatment of land and the acquisition of commercial office space for clinical administration. The resource requirements are summarized below. This business case assumes that services provided locally and some currently provided in an acute setting will transfer to Oak Park Community Clinic and that non premises costs budgets will be at least cost neutral. .

- 9.50 Scenario planning for various levels of activity shows that some 40% of Outpatients, Rapid Assessment Unit and Diagnostics space depends upon services being transferred from an acute to a community setting. This void risk of initially unoccupied space is based on the assumption that patient activity will increase from 87,000 to 110,000 per annum.
- 9.51 The PCT has identified funding sources for Capital and indicative savings for the revenue cost implications. Cost risks have been identified and included in the plans.
- 9.52 The financial appraisal shows that the ambulatory care services can be provided at considerably less cost than the £3.1 million included in the £3.7 million costs for Oak Park hospital. A one off investment of £1.9 million for project costs and minor works and a recurring investment of some £750,000 per annum could provide ambulatory care services for the Havant area. Further resource would be required to fund the adoption of the lease onto the PCT balance sheet, to date this cost has been supported from central funds but it should be noted there as a resource risk should that not continue.
- 9.53 It is hoped that further development of the revised model of care for elderly persons intermediate care would result in a saving of £765,000 however the Board should note the £750,000 cost risk should those savings not be achieved.

Risk, Project Management and Benefits Realisation

Project Plan

10. The timetable to Stage two Business Case approval and achieving financial close is as follows:

Milestone	Stage one target date
Stage 1 Approval	September 2010
Stage 2 Approval	April 2011
Financial Close	May 2011
OPCC Start construction	June 2011
OPCC Finish Construction	September 2012
OPCC Operational	October 2012
HHC Start Construction	October 2012
HHC Finish Construction	February 2013

- 10.1 Robust plans will be put in place to ensure that prompt commencement of service delivery will be achieved upon practical completion. Staff, patients and the public will be kept informed of these developments through the ongoing Public Patient Involvement process to ensure that a smooth transfer occurs.
- 10.2 Robust interim arrangements will be put in place to manage operational services located at the facility throughout the construction phases of this project. Staff will decant directly into the new OPCC from their existing accommodation following completion of phase two works will be consulted and project plans put in place to mitigate any potential risks.

Commissioning and Construction Plans

- 10.3 A draft construction and commissioning plan is attached at Appendix 16.
- 10.4 The commissioning activities that are to be covered in this plan following detailed design are as follows:
- Movement of clinical teams during phasing of works, so as not to impact on construction program;

- Confirmation that FM will be operationally ready to commence services from day of Practical Completion
- Staff training, both before and after Practical Completion
- Delivery of group two equipment in line with Construction plan
- Delivery of group three and four equipment post Practical completion
- Decant of staff
- PCT IM&T Commissioning
- Independent testers process to enable successful handover of sample scheme in line with contractual requirements

Project Resources to Deliver the Programme

- 10.5 The project has been allocated dedicated project management resource to take the scheme from initiation through construction, commissioning and occupation.
- 10.6 A robust project structure has been established to manage the procurement of all tranche schemes. This structure will be supplemented by professional advice as and when needed.
- 10.7 All relevant stakeholders are represented at an appropriate level on project groups and all representatives have committed to maximising their representation at meetings as required.

Contingencies

- 10.8 The contingency plans for the construction phase of the project can be broken into two elements:
- Manpower: Solent Community Solutions and its supply chain have confirmed that its project team is fully resourced from Financial Close through to Practical Completion, commissioning and occupation. Any changes / loss in expertise will be managed and appropriate replacements will be appointed. Solent Community Solutions and its supply chain are confident that current staff resources are at an appropriate level and should the need occur, additional support will be sourced.
 - The NHS Hampshire LIFT Project Team is fully staffed, any loss of personnel or expertise will be managed and appropriate appointments will be made if required.
 - Programme; the construction programme from site set up through to handover is 347 days. Solent Community Solutions and the NHS Hampshire LIFT Project Team consider this to be robust and deliverable. Solent Community Solutions have confirmed that

sufficient flexibility has been built into the programme to allow for unexpected events and to ensure that Practical Completion occurs as programmed.

Managing Risk

10.9 The project is being managed using established project management methodology. Risks are assessed, mitigated, assigned to the party best placed to manage them and contingency strategies are identified by the NHS Hampshire LIFT Project Team.

10.10 A joint Solent Community Solutions and NHS Hampshire Risk Register is available at Appendix 5.

Benefits Realisation

10.11 A Benefits Realisation Plan was developed (see Appendix 17) and benefits were determined and categorised under the following headings

- Strategic Benefits
- Modernisation and national targets
- Modernisation and service transformation
- Estates and environmental improvements
- Patient and carer satisfaction
- Staff recruitment and retention
- Financial benefits

10.12 For each benefit a baseline is set out and measurement for achieving the benefit shown, together with the timescale and responsibility for monitoring achievement of the benefit.

10.13 Strategic benefits include the provision of the agreed service capacity required for the population to be served by this development, and the rationalisation of NHS estate. National targets to be achieved include reduced waiting times and patient choice.

10.14 Service transformation benefits include development of one stop local services for out patients, and avoidance of admission to acute beds in Portsmouth through the new local assessment, treatment and rehabilitation facilities. Benefits from development of local Older People's services are also identified.

10.15 Estates and environmental benefits include meeting all current standards, achieving sustainability standards, and future proofing .The improved facilities also link to benefits related to staff recruitment and retention.

10.16 Patient and carer benefits focus on reduced travel and improvement in the patient experience.

10.17 Financial benefits include savings from site rationalisation, elimination of backlog maintenance, and capital receipts from site sales. Revenue savings from the avoidance of unplanned admissions to acute care, through the local provision of assessment, treatment and rehabilitation facilities, are also identified.

Governance

10.18 The PCT board has put in place arrangements to satisfy itself that good project management arrangements exist. These include:

- Delegated PCT Board representation on the LIFT Project Board through the Director of Capital Planning.
- The PCT LIFT Project Director reports to the Board through the PCT Finance Director.
- The PCT Board is made aware through the Project Director of any 'Red Risks', mitigating actions as well as being updated on programme to completion and available contingencies.
- Close interaction with the SHA
- Close relationship with Solent Community Solutions Board to ensure understanding of partners aspirations and limitations.
- Ensuring close interaction between Solent Community Solutions and the NHS Hampshire LIFT Project Team to ensure understanding of limitations / needs of each party to achieve project aims.
- All meetings are minuted ensuring all parties agree and have record of evolution of scheme.

Other Requirements

Equality Impact Assessment (EIA)

11. The duty to undertake an EIA is a requirement of race, gender and disability equality legislation. An assessment is also now a mandatory requirement under the 'Business Case Approval Guidance for PCTs with Existing LIFTS'.

NHS Employers describe EIA as:

"...a way of examining the main functions and policies of an organisation to see whether they have the potential to affect people differently. Their purpose is to identify and address real or potential inequalities resulting

from policy and practice development. EIA should cover all the strands of diversity and ensure that all receive equitable attention.”

11.1 An EIA has been carried out and is attached in Appendix 18.

Consultation, Statutory and Non-Statutory

Overview and Scrutiny Committee

11.2 NHS trusts are required to consult with the relevant Overview and Scrutiny Committee under Sections 242 and 244 of the National Health Service Act 2006 and Section 233 of the Local Government and Public Involvement in Health Act 2007. These sections require consultation when:

- developing and considering changes
- making decisions about how services operate
- considering substantial change or variation in the service provision.

11.3 The Hampshire Overview and Scrutiny Committee has been kept fully informed of the plans to develop Oak Park Community Clinic through regular communications, presentations and attendance by NHS Hampshire representatives at committee meetings and a special panel set up by the HOSC to monitor the proposal. A full report of consultation and engagement activity is set out in Appendix 1.

Post Project Evaluation

11.4 Post Project Evaluation (PPE) is an integral part of any project and will be completed for the Oak Park Community Clinic scheme.

11.5 Post Project Evaluation will be conducted after commencement of service delivery from the sample schemes, approximately 6 months after the facility has opened; this will allow a more complete evaluation taking into account the entire project from inception through to delivery rather than a partial PPE post Financial Close.

11.6 The PPE will be in accordance with the Post Project Evaluation guidance within The Capital Investment Plan 1995 as well as the DoH PPE Good Practice Guide 2002.

11.7 The PPE process will be divided into three main stages:

- Stage 1: plan and cost the scope of the PPE exercise.
- Stage 2: monitor, progress, and evaluate the project outputs on completion of implementation, including phased work.

- Stage 3: review the outcomes (service aspects) of the project once it is operational. Central to this stage will be an analysis of any changes that might have arisen to the inputs relative to the original assumptions made in the business case.

APPENDICES

1. Engagement Report
2. Oak Park Children's Services Site Plan
3. Oak Park Site Plan
4. Havant Borough Council Planning Consent for Oak Park Children's Services
5. Risk Register
6. Oak Park Community Clinic Design Brief and Tenants Requirements
7. AEDET
8. Development Statement
Schedule of Accommodation
1:1250 Site Plan
1:500 General Arrangement Block Floor Plans
1:50 Room Layouts (sample 2 x specialist rooms)
Outline Building, Engineering Strategies and Specifications
9. Project Plan for Stage 1 Business Case
10. Oak Park Community Clinic Phase 1
11. Oak Park Community Clinic Schedule of Derogations
12. Payment Mechanism
13. Cyril Sweett OB Forms & Technical Report
14. Ernest and Young Financial Report
15. Activity Analysis Table
16. Draft Construction and Commissioning Plan
17. Benefits Realisation Plan
18. Equality Impact Assessment

APPENDIX B

**DELIVERING HEALTH SERVICES TO THE POPULATION OF
HAVANT AND SOUTH EAST HAMPSHIRE**

BED BASED CARE - REVISED MODELS OF CARE

–

OLDER PEOPLE’S REABLEMENT CARE

AND

OLDER PEOPLE’S MENTAL HEALTH CARE

1. INTRODUCTION

- 1.1 At the Board Meeting in January 2010, the Board reaffirmed its commitment to provide a range of locally accessible services for the population of Havant and South East Hampshire, without the need for a new hospital building on the Oak Park site.
- 1.2 Since then a range of co-operative planning has been undertaken, aimed at developing a new and more effective model of care for older people who need bed-based care. This has included NHS Hampshire working with Hampshire County Council, Portsmouth Hospitals NHS Trust, Hampshire Community Health Care Trust, Hampshire Partnership Foundation Trust, Solent Health Care Trust and local GPs.
- 1.3 Local people, patient groups and staff have also helped to shape proposals at a number of meetings, deliberative events, workshops and by responses to a survey.
- 1.4 This paper sets out the outcome of this work and outlines a new and innovative model of care to provide bed based services on the Oak Park site as part of a Health and Well Being Campus which could encompass a range of facilities on this strategic site.
- 1.5 These facilities would include development of:
 - a full range of out patient and therapy services in the current Oak Park Children's Services building,
 - a new nursing centre with at least 60 beds,
 - 50 extra care accommodation units, and
 - a site for the eventual replacement of Havant Health Centre.
- 1.6 These developments, together with the nearby existing Adult Mental Health Units would provide a comprehensive co-located range of health and social care services in modern well planned facilities in an accessible town centre campus, to serve Havant and adjacent parts of South East Hampshire. Master planning for the Oak Park site is now underway with the Local Authority.
- 1.7 This paper provides details of the integration into this proposed campus of the two elements of bed based care, which were originally planned for a community hospital on this site. These elements are reablement care for older people and care for older people's mental health.

2. OLDER PEOPLE'S REABLEMENT CARE

Background

- 2.1 The original plan was for the Oak Park site to provide 25 'intermediate' care inpatient beds, to replace the 21 beds at Havant War Memorial Hospital (HWMH). HWMH was due to close when the new community hospital was completed. An update report to NHS Hampshire Board in July 2010 indicated that there were around 250 admissions annually to HWMH, with an average length of stay of around 19 days. It was noted that a limited number of nursing home providers in the area is one cause of this comparatively high length of stay.
- 2.2 The July update outlined the collaborative on going work with Hampshire County Council, Portsmouth Hospitals NHS Trust, Hampshire Community Care Trust, Hampshire Partnership Foundation Trust, Solent Health Care Trust, local GPs and local people to develop a new model of care for local older people. A range of discussions explored the different ways that bed based care could be developed.
- 2.3 A programme of detailed engagement with local people has supported this work, with local people, patient groups, staff and clinicians providing views at a number of meetings, deliberative events, workshops and through a local survey. The survey asked residents to rank five elements about bed-based care as being most important to them.
- 66.6% of respondents ranked "the right level of medical and nursing support" as the most important aspect of bed-based healthcare with 40.7% ranking "flexibility to adapt to patient's needs" as second.
 - Over half (51.3%) of respondents ranked "hospital based" as the least important aspect of bed-based healthcare.
- 2.4 In July broad agreement between NHS Hampshire and Hampshire County Council had been reached to take forward a joint approach. This would provide a cohort of mainly elderly people with an intensive package of health and social care support to enable them to regain independence and return home after an acute hospital stay, rather than move permanently to full time residential or nursing care.
- 2.5 Since July further work on developing the model has been undertaken. In addition an option appraisal has also been completed to select the preferred location for the new model of care.

New Service Model

- 2.6 A new service model is proposed called 'reablement' which builds upon existing models known as 'step down' or 'intermediate' care. The model involves a

reablement period within a structured, timed and agreed programme with co-ordinated health and social care input. The primary aim is to assist the person to return to their own home within a six week period.

- 2.7 It is proposed that this model is available to older people in Havant and South East Hampshire in a nursing centre on the Oak Park site, where there is an ethos and culture of actively maximising independence, with the aim of providing an increased opportunity for the person to return to their own home rather than move directly to full time residential care after a stay in hospital.
- 2.8 Developing this model recognises that more often than not patients at the point of discharge have to make long term decisions at the wrong time, in the wrong place, sometimes leading to avoidable long term residential care placements. It is also recognised that people waiting for residential or nursing home placements can take time, and this often extends hospital lengths of stay even though patients maybe medically fit for discharge. Thus the new model could be expected to also reduce the number of delayed transfers of care.
- 2.9 The care will be commissioned from nursing home providers with appropriate registration included on NHS Hampshire and Hampshire County Council preferred list of residential care providers.

Service Objectives and Criteria

- 2.10 Key service objectives are summarised below:
 - to provide short term intensive residential reablement services to restore optimal physical, social and psychological function to a level where the older person, supported by family and carers, is able and motivated to return to their own home with appropriate support if indicated by assessment;
 - to ensure delivery of all the elements of an agreed intensive reablement programme. This will include as a minimum enabling the older person to recover daily living skills, communication, mobility, confidence and improved quality of life;
 - each individual will have a clear reablement plan that reflects both the health and social care input the individual may require.
- 2.11 To be eligible for the service the following criteria will apply. Any older person who:
 - is assessed as having the potential to benefit from active reablement, rehabilitation, advice and support, who does not have on going intensive acute medical needs at the point of transfer and is motivated to return to their own home;

- has experienced a major change of circumstance in their lives which prevents them from functioning independently in their own home at the current time of assessment;
- has received any necessary acute treatment and been assessed as medically stable; and
- has potential to benefit from a period of specialist reablement in a residential setting.
- It is also recognised as part of this model of care that there may be an occasional need for 'step up' beds to support the Rapid Assessment Unit for those patients that may require a short stay in an enhanced medical setting. These beds could be provided from the Oak Park Nursing Centre on a flexible basis thereby preventing admission to the acute hospital.

The service is not designed for people who:

- at the point of assessment are waiting for a longer term service or facility or permanent residential or nursing care;
- require an emergency placement;
- require acute medical support;
- require only respite care.

Option Appraisal

2.12 In parallel with the further development of the service model an option appraisal was completed which considered five options for the type and location of bed based reablement care for the elderly. The originally planned inpatient beds for Oak Park Community Hospital were included in this appraisal.

2.13 The five options were:

- Oak Park Community Hospital, as originally planned and close Havant War Memorial Hospital
- Retain Havant War Memorial Hospital and upgrade to “fit for purpose standard”
- Enhance Community Services and close Havant War Memorial Hospital
- Jointly commission new Nursing Centre at Oak Park, and close Havant War Memorial Hospital
- Transfer Havant War Memorial Hospital beds to Queen Alexandra Hospital, and close Havant War Memorial Hospital

2.14 The criteria for the option appraisal, which were weighted and then used to score each option, were developed with local people as follows:

- Design of Facility
- On Stop Services

- Transport
- Co-location and Partnering
- Patient Safety
- Strategic Fit
- Information and Communication
- Population Needs
- Care Close to Home
- Operating Hours
- Respect, Privacy and Dignity

2.15 The jointly commissioned nursing centre option was the clear preference from the option appraisal. This option achieved a weighted score of 94 out of 100. Other options scores were 75.5 for Oak Park Community Hospital as planned, 50.3 for enhanced community services, 47.3 for transfer of beds to Queen Alexandra Hospital, and 17.1 for retention and upgrading HWMH.

Financial Analysis

2.16 A detailed financial analysis is presented in Table 1 below, entitled '*Funding the New Model*'. Further details of key elements are also set out in the table.

Key conclusions from analysis of the new model are that it:

- releases £500,000 of recurring revenue, compared to existing costs; and
- avoids £270,000 of future costs for building maintenance and capital charges.

Table 1 - Funding the new model

Outline Financial Case [Positive amounts: savings, negative: costs - Full year run rate]

Oak Park Older Persons bed based Services Costs Appraisal	Close HWMH Jointly commission new Nursing Home at Oak Park and enhanced model of care			Sources of funding
	Capital Resource Limit Impact £'000	Year One Revenue £'000	Revenue Year 2	
Avoid Future Costs of Havant War Memorial				
Avoidance of Backlog Maintenance	2,500	220	220	Future costs
Avoidance Lifecycle cost	609	50	50	Future costs
Impact from 2011/12	3,109	270	270	
<u>Sale of land at Havant War Memorial</u>				
Land Book Value	270			Balance sheet
Written down Hospital - assume zero value	0	-578	0	Write off
Reserve - held		338	0	Write back of reserve
Assume No Impairment funding support				
	270	-240	0	PCT
<u>Current Fixed costs of Havant War memorial</u>				
Current Capital Charges		62	62	Capital Charges overhead
Fixed Costs of Havant War Memorial		118	118	HCHC (HPFT) contract
		180	180	
<u>Enhanced model of Care</u>				
Variable costs of Havant War Memorial 21 beds with occupancy of 70%	0	817	817	HCHC (HPFT) contract
Investment in Community Services i.e virtual wards		-200	-200	HCHC (HPFT) contract
Variable Costs of Bed Provision - 10 Re-enablement beds 52 weeks of the year @ £650		-338	-338	NHSH
		279	279	
<u>Reprovision of OPMH Beds from out of area</u>				
Transfer existing services at £719 per week		374	374	Transfer from existing Providers
Re-provide services at Oak park @ 650 per week		-338	-338	NHSH Continuing Care
		36	36	
<u>Sale and Grant of Land</u>				
Oak Park Nursing home Land Sale receipt	1,500			HCC
Oak Park Nursing home Land Cap to Revenue Grant	-1,500	1,500		Section 256a Accounting treatment
Grant to Hampshire County Council		-1,500		S256a Grant
	0	0	0	
Total Benefit - Future	3,379	525	765	
Total Benefit - Existing funds		255	495	

Benefits and Costs

2.17 Oak Park Nursing Centre will release £0.5 million from existing revenue costs of the PCT and a further £270,000k from future costs.

2.18 The financial revenue benefits arise from:

- **Avoiding future costs of existing facilities £270,000**
The 21 beds at Havant War Memorial Hospital (HWMH) are expensive due to the dilapidation of a building of this age. It is also not fit for purpose for modern standards of care (i.e. privacy and dignity). To comply with the minimum standards the capital cost has been estimated at £2.5 million, this would create a revenue consequence of £220,000 per annum. In addition once the standards have been achieved the £600,000 lifecycle costs would attract capital charges of a further £50,000 per year. To take account of this, the outline proposal assumes full avoidance of these future costs at £270,000 per annum.
- **Sale of Land revenue costs £0**
The Figures proposed in this case assume that the sale of the land at HWMH is equal to the book value. The PCT is also assuming that impairment funding for writing down the building would be made available from the Department of Health.
- **Current Fixed costs at existing facilities £180,000.**
Costs at HWMH, rent rates, capital charges etc would be avoided as the asset is disposed.
- **Change of model of care £279,000.**
The model of care for reablement beds assumes additional community support for the beds previously provided at HWMH. This aligns to the future model of service care. Redundancy costs have been excluded; it is assumed agency costs will be eliminated and any existing NHS staff will be re-deployed to other services.
- **The current bed occupancy at HWMH is less than 70%. The proposed model brings together social and health bed utilisation and will increase bed occupancy. The PCT will be charged only for occupied beds, not unoccupied beds.**
- **Costs of a 60 bed nursing home compared to the current provision are significantly reduced in terms of both overhead and variable staffing costs. Future provision of 21 beds at HWMH would cost an average £1,114 (assuming full occupancy) per week. The reduction has been confirmed by indicative prices as a planning assumption given by Hampshire County**

Council of £650 per bed per week. The PCT currently commissions beds at around £719 per bed per week.

- Re-provision of beds out of area £37,000.
Currently local residents are placed in nursing homes some distance from the Havant area. The increased capacity of the Oak Park Nursing Centre will enable at least 10 of these beds to be repatriated and re-commissioned.
- Contribution to initial development costs.
The grant contribution for this facility will reduce the initial development costs in avoidance of borrowing costs. The reduction in price as a result of this has not been estimated at this stage and is assumed to be included in the 10% discount applied above.

Nomination rights

- 2.19 The financial model assumes that during contract negotiations the PCT achieves a position which will mitigate the risk of the capitalisation of the nursing centre under IFRIC12. The PCT will not exercise control of the new Oak Park facility; it will seek preferential rights not absolute in negotiations of bed occupancy. This is assisted by the fact that the reablement beds will be jointly commissioned with Hampshire County Council, Adult Social Services.

Preferential Provider list

- 2.20 The financial model assumes that the final provider of the services will achieve Preferred Provider status under the NHS Procurement Rules at the point of opening the facility.

Impairment Risk

- 2.21 The figures proposed in this case assume that the revenue consequence arising from the sale of HWMH would not, as now, be covered by impairment funding made available from the Department of Health and that there would be a “one off” cost to revenue as below:

	Capital £000
Current NBV of Havant War Memorial Hospital	578
Net Realisable Value – Estimate	0
Reserves	(338)
Impairment – Revenue	240

Project Costs

- 2.22 The proposed nursing centre will be commissioned jointly with Hampshire County Council, therefore it is assumed that the project development costs are absorbed by the respective in-house resources and that the revenue costs of £650 per bed per week includes any other development if the PCT can contribute a £1.5 million grant.

Equipment costs

- 2.23 The model assumes that the PCT would not pay for any equipping or additional building costs of the nursing home other than the original grant of land as detailed below.

Capital Grant

- 2.24 This outline business case proposes to sell the land to Hampshire County Council for development at the current market value of the land £1.5 million. A capital grant for the land would be made under section 256a for an equivalent sum.
- 2.25 During the next phase of the business case (Stage1) the detail of the transaction between Hampshire County Council and NHS Hampshire will be worked up to ensure that the transaction complies with Estates codes and other governance guidance. We would seek confirmation from Legal Advisers and External Audit opinion to confirm that the PCT is able to complete this transaction on this basis that it could demonstrate its overall economic and health benefit to the communities of Havant and the surrounding areas.
- 2.26 Under Section 256(3) of the NHS Act 2006, a PCT may make payments towards “expenditure in connection with the performance of any function which, (in the view of the PCT), has an effect on the health of any individuals, or may have an effect on, are effected by, or connected with any NHS functions”. Thus provided Hampshire County Council can demonstrate that it is incurring expenditure in buying the site in connection with activities set out above, we anticipate that it is possible to make the grant of the purchase price via Sections 256 of the 2006 NHS Act.

3. RECOMMENDATIONS

The Board is asked:

1. To note the developing new model of care for reablement beds to replace the intermediate care beds at Havant War Memorial Hospital.
2. To confirm that the preferred option for implementation of this model is to jointly commission with Hampshire County Council, Adult Social Services reablement beds from a new nursing centre on the Oak Park site.
3. To note the assessed financial benefits and costs arising from the new model include release of £0.5 million recurring revenue and avoidance of future building maintenance and capital charges totalling £270,000 per annum.
4. To agree that an Outline Business Case should be prepared to take forward joint plans with Hampshire County Council for provision of a nursing centre and extra care facilities on the Oak Park site.

4. OLDER PEOPLE'S MENTAL HEALTH

- 4.1 Oak Park Community Hospital was planned to include 24 Older People's Mental Health (OPMH) beds, to replace the OPMH beds at St. James Hospital, Portsmouth. Currently at St James Hospital there is a 10 bed ward serving Havant and South East Hampshire for assessment and treatment of acute functional illness; on average occupancy is now less than seven beds. Havant and South East Hampshire is also served by The Willows at Petersfield Hospital, a 10 bed ward for people with organic mental illness; average occupancy there is also less than seven beds. Factors contributing to the reduction in bed usage, both nationally and locally were summarised in the July update to the Board. These include earlier diagnosis, closer working with GPs, and improved day therapy services.
- 4.2 Current models of care have evolved following Board approval in 2008 of the Joint Commissioning Strategy for Older People's Mental Health. Since then a programme of engagement with patients, carers, and the public has highlighted three key drivers in developing models of care:
 - Improved information and support for patients and carers
 - Improved joint working across partner organisations
 - Enhanced services providing improved access and more community based support to patients.

4.3 In response to these views and further national guidance on dementia and other services for older people, a modified care pathway is being developed. The pathway consists of:

- Early diagnosis
- Improved support in the community
- Admission to specialist mental health beds
- Improved intermediate care
- Improved care in nursing and residential homes
- Improved end of life care

4.4 The proposed model for bed based care in Havant and South East Hampshire is consistent with the agreed Joint Commissioning Strategy for Older People's Mental Health and the key findings from public engagement.

Bed based Care: Nursing Centre Model

4.5 A review of the local service model has confirmed that there is a significant group of frail older people with a degree of cognitive impairment or depression who are currently admitted to an inpatient bed, yet do not require an acute psychiatric inpatient assessment. These admissions to St James Hospital and Petersfield Hospital often occur because of the lack of an alternative suitable environment in which to assess, support and sometimes rehabilitate elderly people with functional or organic mental illness.

4.6 This cohort of individuals includes:

- People whose care has broken down in the community;
- People for whom a primary need is for physical health care;
- People assessed as requiring respite care;
- Individual preference and choice to no longer live at home;
- Where a person needs an additional period of 24 hour support following a hospital admission or to prevent a hospital admission
- Time to think prior to a potential admission to a nursing or residential home.

4.7 For these types of patient a local nursing centre environment, with appropriate specialist in reach support, will provide a better alternative to a hospital admission.

4.8 For individuals in nursing centre beds a specialist in reach psychiatric service can offer:

- Regular review of mental state;
- Regular review of psychiatric medication for example cognitive enhancers, anti-psychotics and anti-depressant medication;
- Access to in patient psychiatric hospital treatment when needed;

- Training and support to nursing home staff; and
 - The opportunity for a period of intensive support, close to home without the need for hospital admission.
- 4.9 This model will require enhanced community services to provide the necessary support and in reach services. Engagement with GPs is underway as part of further work on developing the details of the community services required to support the model.
- 4.10 The proposals summarised above are in line with the service objectives and outcomes described in the Hampshire Joint Commissioning Strategy for Older People's Mental Health and the National Dementia Strategy.

Oak Park Nursing Centre

- 4.11 Against this background an option appraisal was undertaken which focussed particularly on potential changes in bed provision in Older People's Mental Health Services for Havant and South East Hampshire. The preferred option was to jointly commission a new nursing centre on the Oak Park site. It should be noted that the co-location of OPMH beds and other beds on the Oak Park site was seen to have considerable advantages, both in terms of delivery of in reach services and also in responding to changing needs of older people as mental health problems develop.
- 4.12 In terms of service utilisation the new nursing centre beds at Oak Park will enable improved throughput and some reduction in lengths of stay on the existing wards at St James Hospital and Petersfield Hospital. In addition the new beds will enable reduction in the use of out of area Nursing Home beds for NHS continuing care, and also some OPMH 'step down' care following inpatient stays for physical illness or trauma, at Queen Alexandra Hospital.
- 4.13 In summary, the new Nursing Centre beds on the Oak Park site will re-provide elements of care pathways which currently include:
- Admissions to St James Hospital people who do not need an acute psychiatric bed
 - Admissions to Petersfield Hospital for people who do not need a dementia assessment bed
 - Reablement beds following physical illness/trauma
 - Out of area NHS continuing care Nursing Home placements

Funding the New Model

- 4.14 A key element of the new model has been included in the financial analysis set out in paras 2.16-2.26. This relates to the reduction in out of area Nursing Home placements. The increased local capacity for OPMH from the new Oak Park

Nursing Centre will enable at least 10 of these beds to be repatriated and re-commissioned. The financial analysis concluded that this will produce a saving of some £37,000 per annum. This is included within the overall reduced revenue costs.

- 4.15 Some enhancement of community teams to support the new model will be necessary. Funding to support such community developments will have to be released from the resources currently tied up in under-utilised in patient services for more intensive acute assessment and care.

5. SUMMARY OF OLDER PEOPLE’S REABLEMENT AND OLDER PEOPLE’S MENTAL HEALTH SERVICES

- 5.1 The new Oak Park Nursing Centre will provide up to 60 beds. The following table illustrates where bed based services are currently delivered and where they will be delivered from under the new model of care:

Existing Model of Care			Future Model of Care		
Current Bed Based Service	Current Location	Current Bed Nos.	Future Bed Based Service	Future Location	Future Bed Nos.
OPMH - acute functional illness	St. James Hospital	10 – health funded	OPMH - acute functional illness	St. James Hospital	Up to 10 – health funded
OPMH - acute organic illness	The Willows Petersfield	10 – health funded	OPMH - acute organic illness	The Willows, Petersfield	Up to 10 – health funded
Intermediate Care	Havant War Memorial Hospital	21 – health funded	Reablement Care	Oak Park Nursing Centre	20 reablement beds jointly commissioned with Hampshire County Council (potential for spot purchase of ‘step up’ beds.)
OPMH Continuing Care/‘Step Down’	Out of Area	10 – health funded	OPMH Continuing Care/‘Step Down’	Oak Park Nursing Centre	10 – health funded
			OPMH/General Nursed Beds -	Oak Park Nursing Centre	20 OPMH Nursed Beds – self funded 10 General Nursed Beds – self funded

6. RECOMMENDATIONS

The Board is asked:

1. To note the developing new model of care for Older People's Mental Health Care.
2. To confirm that the proposed new nursing centre on the Oak Park site should provide the elements of bed based Older People's Mental Health Care set out in this paper.

APPENDIX C

**DELIVERING HEALTH SERVICES TO THE POPULATION OF
HAVANT AND SOUTH EAST HAMPSHIRE**

IMPROVING URGENT CARE

1. BACKGROUND

- 1.1 A small minor injuries service was originally included in the plans for the Oak Park Community Hospital. This would have replaced the service at Havant War Memorial Hospital (HWMH) which closed in December 2008 amid concerns about the quality of care and facilities. Only 93 patients had been seen in the previous year at the unit in Havant.
- 1.2 Urgent care services for Havant and South East Hampshire have been reviewed to ensure that revised plans for the Oak Park site do not result in any deterioration in service for the local population.
- 1.3 An analysis of needs and demands for urgent care in Havant and South East Hampshire was presented to the Board in July 2010. This provided comprehensive details of current services for urgent care at Queen Alexandra Hospital A&E Department, Cosham and St Mary's Walk in Centre, Portsmouth, St Richards Hospital A&E Department, Chichester, Petersfield Hospital Minor Injuries Unit, and also GP Out of Hours services. The July update to the Board also referred to local admission avoidance schemes which include a rapid response team in Havant, core community care teams, and the development of end of life virtual wards. Further schemes are planned by both East Hampshire and Havant & Waterlooville Practice Based Commissioning Groups.
- 1.4 The July report to the Board also summarised the outcome of discussion and surveys with the public and services users in the locality. These views have helped to inform the proposals to improve urgent care services set out in this paper.
- 1.5 As a result of the analysis of need and demand and the engagement with local people proposals have been developed to improve urgent care in two ways. Firstly in primary care, and secondly through reconfiguration of service provision at Queen Alexandra Hospital. These are considered below.

2. URGENT CARE IN GP SURGERIES

- 2.1 User views indicated that an appropriate minor injuries service within primary care is sought as a local alternative to the use of the Queen Alexandra Hospital A&E Department. Survey results have shown that just under 90% of residents would prefer a local minor injuries service, with many respondents saying that their local GP surgery would be their preferred location for this service. 62% said that Queen Alexandra would be their second favourite location.
- 2.2 GP Surgeries in the area offer a range of consulting models, some of which provide for urgent and unplanned care within their daily work. However, in the absence of commissioned services for wound closure and other treatments,

Practice Nurses have not necessarily developed or maintained skills in those areas. In discussion with local staff it is evident there is willingness to develop the skills needed to support such a service. There are 14 GP Practices in contract with NHS Hampshire within three miles of Havant and the site of the former Minor Injuries Service at Havant War Memorial Hospital (HWMH).

- 2.3 NHS Hampshire developed a proposed service specification for primary care minor injuries treatment services in 2009. At that time there was not complete agreement to the specification for the proposed service. There were also concerns about the level of demand and thus the financial impact of implementation.
- 2.4 The proposed specification included treatment of the following:
- Lacerations capable of closure by simple techniques (gluing, stripping, suturing)
 - Minor dislocations of phalanges (that do not require x-ray or referral to A&E)
 - Nasal or aural foreign bodies, subungual haematoma or splinters that require trephining (that do not require referral to A&E)
- 2.5 During 2009 there was unresolved discussion among clinicians concerning inclusion of the treatment of burns and scalds.
- 2.6 Following further discussion with local clinicians and taking into account the views of local residents it is now proposed to commission minor injuries services from GP practices in Havant and South East Hampshire based on the 2009 specification summarised above. A proposed cost per case of £35 has been agreed by the Primary Care Commissioning Group for provision of minor injuries treatment services that are:
- Available to all regardless of registration with the practice
 - Available without pre-booked appointment
 - Available throughout core hours (8 am to 6.30 pm)
 - Available to treat injuries occurring up to 24 hours prior to presentation
- 2.7 As the unit at HWMH had experienced very low activity; it is difficult to predict levels of demand for the proposed service. There is a risk that in commissioning this service occasional activity that Practices may previously have carried out within current contract arrangements will result in a charge, inflating the apparent level of demand.
- 2.8 Consultation rates for minor injuries units vary considerable in different locations. Planning assumptions applied to the proposed primary care specification assume an affordable consultation rate of 8.5 per 1000 population. Based on a potential catchment population of around 134,000, this would give a total cost of around

£40,000. This will allow some 1142 patients to be treated for minor injuries in GP Surgeries.

- 2.9 Predicting the demand for the new service is difficult. A range of assumptions are required. These include predicting which patients currently treated at A&E in the relevant diagnostic categories would meet the criteria for the new service. Similarly it is difficult to predict which patients are likely to continue to use A&E at Queen Alexandra Hospital even if there is an alternative service in GP Surgeries. A possible range of patient numbers for the new service is between 750 and 1500 per annum.
- 2.10 It is proposed that the offer to commission this service should be on the basis of a cost per case, with a post payment verification system to validate the claims made. This carries some risk in the financial exposure of NHS, but every Practice already has targets to reduce use of NHS resource and this proposal may provide an opportunity to further challenge Practices on A&E utilisation.
- 2.11 There may be Practices within the local area who do not wish to offer a minor injuries service, but by commissioning it regardless of registration status and publicising the locations from which patients may obtain the service, a lack of universality should be immaterial. It will be important to ensure times of availability are as specified, wait for assessment and treatment is defined, and that there is clarity for the public about the nature of injuries which can be treated.
- 2.12 It is proposed that the offer to commission this new minor injuries service is made to the 14 Practices within three miles of the centre of Havant.
- 2.13 It may be expected that there would be an impact on attendances at Queen Alexandra Hospital A&E. However, this may contribute to lowering growth rather than absolute reduction in attendances. Thus potential savings available to offset the cost impact of commissioning this service are difficult to estimate. The cost of an attendance for a minor injury at Queen Alexandra Hospital A&E is around £64. In order to avoid any additional costs for the new service in primary care a reduction of some 625 attendances at A&E would be necessary. This figure compares favourably with the potential usage of the new service of some 1142 patients. Whilst costs will be incurred when the new service is established it is hoped that these will be offset by savings in minor injury attendances at A&E.

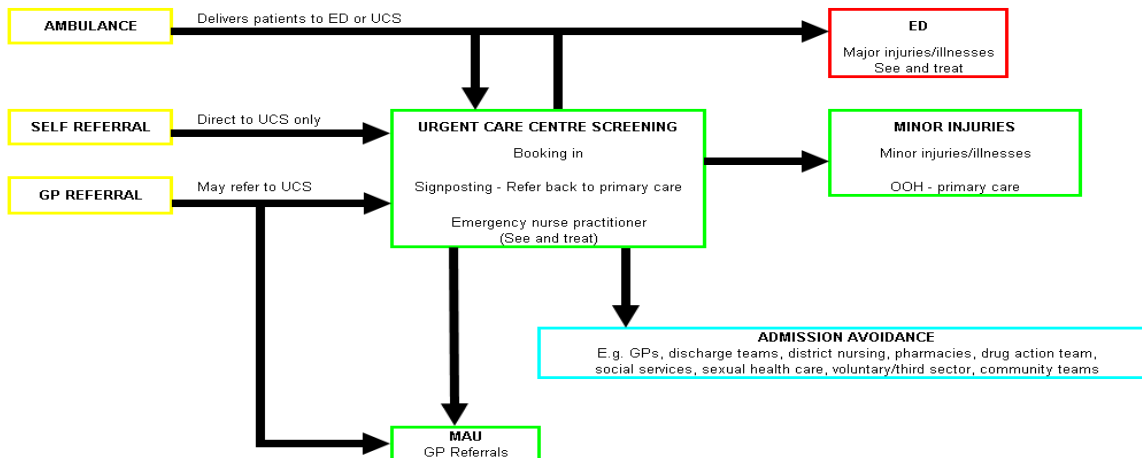
3. IMPROVING URGENT CARE AT QUEEN ALEXANDRA HOSPITAL

- 3.1 The number of patients seen at Queen Alexandra Hospital A&E is significantly higher than would be expected for the local catchment population, based on average attendance rates across England. In recent years the total number of attendance has grown by between 3% and 9% annually. For 2010/11 the expected total activity is around 115,000 attendances. Of this total some 76,000 will be NHS Hampshire patients, at a projected cost of around £6.8m.
- 3.2 Detailed analysis presented to the Board in July showed that between 2008/9 and 2009/10 the number attendances at QAH has increased by 8.7% for all NHS Hampshire residents, by 10.1% for East Hampshire residents, and by 14.1% for Havant residents. User interviews and survey results have also demonstrated that although a local urgent care service would be their preference 62% of respondents from Havant and south east Hampshire would use Queen Alexandra Hospital as their second choice.
- 3.3 In response to this analysis and the views of local people a reconfiguration of elements of the service within the A&E Department at Queen Alexandra Hospital is proposed. The proposals have been developed in partnership, by a group representing primary and secondary care services. The proposal is to combine the existing GP Out Of Hours Service with the minor injuries and illness components of the A&E workload. This will ensure a more clearly differentiated care pathway for those patients who can effectively and safely be treated by specialist Emergency Care Nurse Practitioners within the A&E Department .In addition the proposals also envisage closer working between primary and secondary care to avoid admission of some patients from the A&E Department.

3.4 The care pathway is illustrated below:

How will the Urgent Care Service work?

Illustration of the proposed service model for the Urgent Care Service based at Portsmouth Hospitals NHS Trust



The two key elements of the model are set out in sections 4. and 5. below.

4. MINOR INJURIES AND PRIMARY CARE TREATABLE ATTENDANCES

- 4.1 Implementation of the new arrangements will begin in September. This will build on existing work within the A&E Department to move to a nurse led unit in the minor case care pathway, through the introduction of Emergency Nurse Practitioners (ENPs). The ENPs will have a vital role in screening patients and will be able to 'See and Treat' or refer patients back to their GP. Patients referred back to their GP will be those with minor illness, rather than minor injuries (which will be treated on site as usual).
- 4.2 The other key element is to move the current GP Out Of Hours service from Drayton Surgery to Queen Alexandra Hospital. It is intended to use an area of the the Outpatient Department, and it is planned to transfer the service in October 2010.
- 4.3 Co-location of GP Out Of Hours at Queen Alexandra Hospital will enable more patients to be redirected to primary care during the out of hours period, where recent trends have shown a peak in attendance at A&E. This will be facilitated through a change in role for receptionist staff, as well as through the introduction of Emergency Nurse Practitioner staff. Reception staff will use the ADASTRA system prioritisation algorithms to re-direct people to the on site GP Out of Hours service. Over time it is anticipated that receptionists may also be able to undertake a similar role to redirect people to primary care services in hours. The process for this needs to be developed.
- 4.4 Implementation of the changes outlined above will need to be supported by a publicity campaign, based on Choose Well. This should increase public awareness of the services in place, and support staff efforts in re-directing people to other services.
- 4.5 In addition, a stakeholder engagement plan across primary and secondary care will also be required. A workforce development plan will also be implemented to support A&E staff in undertaking new roles.
- 4.6 A project implementation plan has been agreed by the South East System Unscheduled Care Board. Key dates include the transfer of Out Of Hours service to the Queen Alexandra Hospital suite in October 2010, with full implementation of the Emergency Nurse Practitioner service in November 2010.

5. ADMISSION AVOIDANCE

- 5.1 It is intended to build on the existing community team in the A&E Department to create an integrated multi-disciplinary team to work proactively across the Department, the Observation Ward and Medical Assessment Unit at Queen Alexandra Hospital to ensure improved arrangements for safe transfer home instead of admission. It is envisaged that these improvements could ensure more patients avoid inappropriate admissions.
- 5.2 It is proposed that this team be made up of staff from across community and acute services, ensuring that community staff are not diverted from existing admission avoidance work in the community. The team will need to develop strong networks and links with community services across Portsmouth and South East Hampshire; social care input into the team will be crucial. It is anticipated that the team will operate 8.00am – 8.00pm and will require direct referral rights to some community based services. A similar service has been operating successfully in Southampton for several years, staffed by nurses and physiotherapists with experience in acute and elderly care, with close links to community teams and GPs.
- 5.3 Development of the management and operational structure of this team, to ensure effective support and the appropriate authority to act, will be undertaken by a small group of senior staff. This group will include senior representation from Portsmouth Hospitals Trust, Hampshire and Portsmouth Social Care Depts., Solent Healthcare and Hampshire Community HealthCare, together with commissioners.

6. RECOMMENDATIONS

The Board is asked:

1. To approve the commissioning of a Minor Injuries Service, based on the specification details set out above, from the 14 GP Practices within three miles of the centre of Havant
2. To note that the usage of the new primary care led service will be monitored and payments limited to a total cost of £40,000, which will allow some 1142 patients to be treated for minor injuries in GP Surgeries.
3. To note that plans are in place to implement a new model through the introduction of improvements in arrangements at Queen Alexandra Hospital with additional Emergency Nurse Practitioners and co-location of GP Out of Hours services; together with improvements in admission avoidance arrangements in South East Hampshire.

APPENDIX D

DELIVERING HEALTH SERVICES FOR THE POPULATION OF HAVANT AND SOUTH EAST HAMPSHIRE

Overall Impact of Capital and Recurring Revenue Allocation

Event	Cost Commitment Triggered	When	2010/11 £000 Revenue	2010/11 £000 Capital	2011/12 £000 Revenue	2011/12 £000 Capital	2012/13 £000 Revenue	2012/13 £000 Capital	2013/14 £000 Revenue	2013/14 £000 Capital
Up to Stage 1 Approval Sept 2010	Abortive Fees risk; These fees will be payable if the scheme does not gain Stage 1 Approval	From feasibility to planning application Oct 11	250							
Stage 1 Approval Achieved- up to Stage 2	Abortive fees stage 2- payable if scheme does not achieve stage 2 approval	From Sept 10 to April 11			500					
Stage 1 Approval Achieved	PCT Project fees	Full year	150							
Admin Offices Lease Negotiations	Offices Lease Signed rent payable pre stage 2	March 2011	10		120		120		120	

Stage 1 approval – Offices decant	Design fees offices, Oak Park and decant	Apr 10-May 11	40			30			
Planning Permission	Capital Works Offices, Havant	October 10- May				270			
April 2011									
Stage 2 Approval Achieved	Capital costs Havant	Sept 12- Jan 13						175	
Financial close May 2011	OPCC Lease charge- LIFT	Sept 12					250		510
Financial close May 2011	Premises Costs OPCC	Sept 12					120		240
Stage 2 Approval Achieved	OPCC Equipment cost	July – Sept 12						440	
Financial close May 11	LIFT Equity investment	May 2011				115			
Disposal Emsworth	Impairment Emsworth VCH	March 2013					370		
Complete capital works	Impairment capital works	March 2012			40				
Lease Inception	Impairment IFRIC 12 Valuation	Sept 2012					1400		
Lease Inception	CRL Resource IFRIC 12	Sept 2012						4000	
Stage 2 Approval	Project fees including Advisors	April 11- March 13			200		200		
			450		860	415	2460	4615	870

APPENDIX E

DELIVERING HEALTH SERVICES FOR THE POPULATION OF HAVANT AND SOUTH OF EAST HAMPSHIRE

- **Approval of Stage 1 Business Case for Oak Park Community Clinic**
- **Bed Based Care: Preferred models for intermediate (reablement) care and older people's mental health care**
- **Improving urgent care**

The following table details the key risks associated with delivering the recommendations set out in the attached paper.

No.	Risk	Potential Impact	Risk Management
1	Change in strategy to centralise services rather than move into the community.	Acute services eg. Outpatients would not occupy the space at the Oak Park Community Clinic. This would lead to unused clinical space in the centre comprising of 1 x-ray room, 3 consulting rooms and 1 treatment room.	Develop a contingency plan to fully utilise the space by moving services from other local buildings, thereby releasing savings elsewhere.
2.	There is a change in activity levels.	If the activity were to reduce this would leave under utilised space. If the activity were to increase the facilities may not be able to meet the demand.	Use the contingency plan above to ensure that the space is fully utilised and that savings are released elsewhere. Build in flexibility into the design so that activity can increase and there is also the opportunity to work extended hours eg. 3 session days and weekends.

3.	Change in commissioning system to GP Commissioning Consortium.	GPCC wish to pursue different models of care.	The locality GPs have been involved in the design of OPCC and the lead GP for the locality is the clinical lead for this project. They are supportive of the project and the design of the building would facilitate future changes in care pathways.
4.	The current provider for ambulatory care services does not wish to occupy the building	<p>If the commissioner agreed with the provider, the building would be under utilised.</p> <p>If the commissioner does not agree with the provider, a new provider would need to be sought and this could lead to a potential delay in fully utilising the building.</p>	<p>Use the contingency plan above to ensure that the space is fully utilised and that savings are released elsewhere.</p> <p>Ensure that both providers and commissioners are active members of the Project Steering Group.</p> <p>Agree a contract for service to coincide with formal sign up to a Stage 2 Business Case and Heads of Terms for occupation of the building.</p>
5.	The various elements of this project as described in Delivering Services for the Population of Havant and South East Hampshire, progress at different timescales and/or change direction.	The assumptions made demonstrate that the proposed model of care can be delivered as cost neutral. Any change or uncoupling of the various elements could jeopardise affordability.	The Stage 2 Business Case for ambulatory care and the business case for bed based care would be tabled for consideration by the PCT Board at the same time.
6.	Change of model of care for reablement beds.	The nursing home beds could be under utilised.	The beds would be designed to meet the latest standards, which ensures that they can be used for a variety of patients.

			These beds would be made available for other health use including to the general population requiring 24 hour nurse care.
7.	The accounting rules relating to the sale of the land and the 256 grant change.	Increase in asset value on balance sheet leading to increased capital charges.	Follow specialist advise from Regional Estates, accountancy and legal advisors.
8.	Change in legislation relating to powers to give a 256 grant.	Could prevent PCT from financing the transfer of the land for the bed based services.	Follow specialist advise from Regional Estates, accountancy and legal advisors. Develop a costed contingency plan.
9.	Impairment on disposal of assets.	One off revenue costs on writing down the value of the assets.	Revalue properties in the same financial year as they are disposed of.
10.	Hampshire County Council (HCC) decide not to lead on the delivery of a nursing home and extra care housing.	This could destabilise the whole business case.	The PCT could lead on the development of a nursing home and dispose of surplus land for extra care housing. Ensure that HCC remain active members of the steering group.
11.	OPCC Stage 1 Business Case is delayed for approval while bed based and urgent models of care are further developed.	Ambulatory care services would not be delivered from OPCC by October 2013. LIFT would request NHS H to pay for its costs incurred (approx 250k) for the works undertaken in the support and development of the OPCC stage 1 BC.	Maintain full engagement of key stakeholders in the process for development of this business case. Ensure that the project can demonstrate both value for money and affordability.

		NHSH do not achieve the expectations of Havant and South East Hampshire residents.	The paper for the Board covers all three elements that were originally included in the Oak Park CH Business Case.
12.	OPCC Stage 1 Business Case is approved but Stage 2 approval is not achieved.	Abortive costs of circa £750,000 would become payable to LIFT.	We have confirmed this figure with LIFTco and its supply chain. Ensure there are no variations to the Tenants Requirements post Stage 1 approval in order to minimise risk of scheme becoming affordable.
13.	Office accommodation is no longer required for children's services after the lease has been entered into.	NHSH will have committed itself to additional office accommodation, recurring revenue impact of 194k and the space may be under utilised.	Develop a contingency plan to fully utilise the office space and make savings elsewhere or to sub let. Ensure that the lease allows a sub let. Make use of office accommodation already paid for by the local NHS so that costs are contained for the SE System.
14.	Lease for children's service office accommodation is not entered into until OPCC stage 2 BC is achieved.	This would add approximately add four to five months to the project program with Ambulatory services not being delivered from the OPCC until middle of the first quarter 2013	Seek Board approval to enter into a lease for the office accommodation in January 2011.
15.	Interim solutions are implemented in order to save costs and the revenue to fund the new model of care is lost.	The project would become unaffordable.	Any interim solutions would only be supported by commissioners as one off savings.