

The City of Edinburgh Council

10am, Thursday, 11 December 2014

North West Edinburgh Partnership Centre

Item number 8.7
Report number
Executive/routine
Wards

Executive summary

NHS Lothian is leading on the development of the new £12m North West Edinburgh Partnership Centre (NWEPC), where it is proposed to co-locate NHS and Council services. Taking a 'one public sector estate approach', shaped by the ambitions of the Edinburgh Partnership, this building will accelerate the pace of progress towards integrated service delivery, improved community services, regeneration and place making.

Working collaboratively with NHS Lothian to deliver the NWEPC and subsequently occupying floor space in the completed building to accommodate Children and Families staff will have financial implications, both capital and revenue. Total recurring revenue costs per annum are approximately £0.218m to cover the Council's annual building occupation costs and loan charge costs associated with contributing to one-off capital expenditure.

Links

Coalition pledges	P17 , P30
Council outcomes	CO7 , CO8
Single Outcome Agreement	S01

North West Edinburgh Partnership Centre

Recommendations

Council is requested to:

- 1.1 Approve the Council's contribution to a shared partnership building in North West Edinburgh, to be used by the Council and NHS Lothian;
- 1.2 Approve prudential borrowing supported by Children and Families, totalling £1.575m towards the capital costs (resulting in loan charge costs of £0.112m per annum) related to collaborative delivery of the North West Edinburgh Partnership Centre;
- 1.3 Agree to enter into an occupancy agreement with NHS Lothian for floorspace within the North West Edinburgh Partnership Centre to accommodate Children and Families staff based on a charge of £0.106m (subject to annual increases linked to RPI); and
- 1.4 Delegate authority to the Director of Services for Communities to finalise the terms of the occupancy arrangement and enter into the same.

Background

- 2.1 NHS Lothian is developing a community health care facility of approximately 4,300 sq m within Pennywell and Muirhouse. The building will extend over three levels and NHS Lothian will occupy the majority of the space with the remainder being occupied by the Council's Children and Families neighbourhood child practice team. The North West Edinburgh Partnership Centre (NWEPC) received full planning consent on 27 August 2014 (ref. 14/02250/AMC).
- 2.2 Once complete, NHS Lothian and the Council will offer improved and enhanced health and social care services in the North Neighbourhood enabling NHS Lothian to work more closely with the Council at a local level. Plans are progressing well and NHS Lothian is looking to submit a full business case to Scottish Government for approval by the end of December 2014.
- 2.3 The site is located within the boundary of Pennywell Shopping Centre. The Council purchased the ground lease of the shopping centre from Credential Muirhouse Limited in October 2014 in order to deliver the land required for the partnership project. There is additional benefit of Council ownership of the shopping centre assisting in the wider regeneration and place making for the

area. Authority for this purchase was given by the Economy Committee on 22 January 2014, with ratification by the Finance and Resources Committee on 3 February 2014.

- 2.4 Extensive community consultation took place in 2012 to inform the Pennywell and Muirhouse Central Area masterplan, which included the footprint of the new North West Edinburgh Partnership Centre. In December 2013, a place making study was commissioned, funded by Scottish Government, as part of the delivery of the NWEPC. Consultation was undertaken with local groups including an open event held in the local Arts Centre in April 2014. The information gathered will contribute to public realm design improving linkages between the NWEPC, the shopping centre and new homes under development in this area.

Main report

- 3.1 The NWEPC will represent the delivery of co-located services at a local level in line with the ambitions of the Edinburgh Partnership. This building will accelerate the pace of progress towards integrated service delivery, improved community services, regeneration and place making.
- 3.2 The Council has applied for approximately £2m from the Scottish Government's Regeneration Capital Grant Fund (SGRF) to take forward improvements to the public realm, shopping centre and library in Pennywell and Muirhouse, which forms part of the masterplan approved for the area in 2012. Notification of successful applications will take place towards the end of November 2014. The new partnership centre will form an important part within the overall regeneration of the area, creating a sense of place and aiding future sustainability.
- 3.3 The NWEPC will bring together a range of services including a GP practice, physiotherapy, child health and family support services, as well as community health and voluntary sector provision working together to deliver shared services and promote changes in working practices.
- 3.4 Co-location with services and other partners delivers customer benefit, revenue savings and service efficiencies. Case studies include the East Neighbourhood Centre (2012) and the Wester Hailes Healthy Living Centre (2013).
- 3.5 The Council's buildings, which the partnership centre will replace, are in a deteriorating condition and could not deliver the quality of service desired. There is an increasing awareness of the benefits of co-locating services and delivering enhanced customer experience.
- 3.6 In July 2014, the Council's Children and Families staff decanted from 1b Pennywell Gardens, a poor quality office building on the site of the NWEPC, to allow for this building's demolition by the end of 2014.

- 3.7 NHS Lothian anticipate demolition of 1b Pennywell Gardens by the end of December 2014 with a site start in March 2015. Completion of the NWEPC is expected in autumn 2016.
- 3.8 The Council's Children and Families neighbourhood child practice team will occupy 550 square metres and accommodate approximately 65 staff in the new building. The team provides services to children subject to Child Protection procedures and children in need in the local community. Work with NHS Lothian services to be located within the NWEPC is crucial to this agenda, in addition to the future Children Services Integration model.
- 3.9 There is likely to be some disruption during the construction process for the NWEPC and any temporary arrangements are being discussed and will be agreed with North Neighbourhood services, the community and local businesses.

Measures of success

- 4.1 The Council will contribute to a shared partnership building which will enable the delivery of better, joined up services for the community.

Financial impact

- 5.1 Working collaboratively with NHS Lothian, and subsequently occupying floorspace in the completed building to accommodate Children and Families staff, will have financial implications, both capital and revenue, which are set out in detail, in Appendix 1.

Capital Costs

- 5.2 Capital costs include site clearance, furniture, equipment, the IT connection for Council staff and a contribution towards the build costs. The capital contribution is to be paid before entry. Total expenditure required is £2.509m to be funded across various stakeholders.
- 5.3 As part of the overall development for this area, the creation of a new road at Muirhouse Crescent is required to access the NWEPC and the new homes being delivered through the Council's 21st Century Homes programme. This road which is being constructed as part of the partnership project, has been costed by Hubco South East at £0.332m and will be jointly funded by 21st Century Homes and NHS Lothian.
- 5.4 The capital costs amounting to £0.602m will be funded from the Scottish Government Hub Capital Enabling Fund which is controlled by the South East Territory Partnering Board, and prudential borrowing to the value of £1.575m, supported by Children and Families over a 25 year period. As detailed in

paragraph 5.3, the cost of the road (£0.332m) will be funded by 21st Century Homes and NHS Lothian.

- 5.5 The overall loan charges associated with this prudential borrowing over a 25 year period would be a principal amount of £1.575m and interest of £1.288m, resulting in a total cost of £2.863m. The annual charges are set out within appendix 1 and these will be funded as explained in the revenue costs section below.

Revenue Costs

- 5.6 Recurring revenue costs, over the 25 year period of the occupancy agreement, are the loan charge costs (detailed in paragraph 5.5) and a share of the overall building's unitary charge and facilities management costs (charged on a pro-rata basis in line with floorspace occupied by Council staff and shown net of future annual increases linked to RPI). These fluctuate in the period 2014/15 to 2017/18 based on the capital spend profile but normalise after this to a total of £0.218m per annum to 2040/41 which is the end of the projected occupancy agreement.
- 5.7 The recurring revenue costs will be funded by the Children and Families Child Protection budget that has been earmarked for this purpose (maximum available of £0.205m per annum from 2014/15 onwards). An element of the running costs from previous Council owned accommodation that staff moving into the NWEPC resided in (maximum available of £0.061m per annum from 2016/17 onwards) will also contribute towards revenue costs with the balance applied to iPFM targets. It should be noted that the latter will require to be released from Corporate Property's centralised property costs budget.
- 5.8 The normalised total recurring revenue costs per annum of £0.218m can be funded by the available maximum budget per annum of £0.266m, as detailed in paragraph 5.7. These costs include facilities (rates, utilities), services (cleaning), along with the additional benefits of co-location such as reception, caretaking and security.
- 5.9 The contingency balance can be used to fund annual RPI linked increases in the unitary and facilities management costs that have not been factored into the projection of costs.

Risk, policy, compliance and governance impact

- 6.1 Savings previously earmarked from the closure of 1b Pennywell Gardens and 34 Muirhouse Crescent were originally envisaged to be applied to the iPFM programme. These savings are now being used to contribute towards delivery of the partnership building.

- 6.2 NHS Lothian is committed to its delivery of the NWEPC and work is now underway to provide a cleared site. The Council is committed to the principles of partnership working and improving services for communities. There is an opportunity cost associated with failing to implement a collaborative approach to the delivery of the NWEPC.

Equalities impact

- 7.1 The Council contribution to deliver the site for the NWEPC and its participation in co-located services will lead to improved community health and social services in the area. This will have a positive impact on the right to productive and valued activities, individual, family and social life. The future place making possibilities will enhance the feeling of security for neighbouring residents and promote health and well-being.

Sustainability impact

- 8.1 There are positive impacts on carbon, adaptation to climate change and sustainable development arising directly from investment in a new building.
- 8.2 NHS Lothian is committed to ensuring all new build healthcare facilities target the BREEAM (Building Research Establishment – Environmental Assessment Method) Excellent standard.

Consultation and engagement

- 9.1 NHS Lothian has been carrying out consultation regarding the partnership building and, together with the Council, further engagement on local placemaking. There will be ongoing consultation with the Pennywell and Muirhouse development group through the masterplanning and detailed design stages.
- 9.2 Council services (finance, housing and regeneration, legal, estates and Children and Families) have been fully consulted and engaged on the content of the report.

Background reading / external references

NWEPC full planning consent 27 August 2014 (ref. 14/02250/AMC).

Peter Gabbitas

Director of Health and Social Care

Contact: Lindsay Glasgow, Asset Strategy Manager

E-mail: lindsay.glasgow@edinburgh.gov.uk | Tel: 0131 469 3312

Links

Coalition pledges	<p>P17 - Continue efforts to develop the city’s gap sites and encourage regeneration</p> <p>P30 - Continue to maintain a sound financial position including long-term financial planning</p>
Council outcomes	<p>CO7 – Edinburgh draws new investment in development and regeneration</p> <p>CO8- Edinburgh’s economy creates and sustains job opportunities</p>
Single Outcome Agreement	<p>SO1 - Edinburgh’s economy delivers increased investment, jobs and opportunities for all</p>
Appendices	

North West Edinburgh Partnership Centre (NWEPC)

Capital Implications	£000	£000	£000	£000	£000
Capital expenditure	2014/15	2015/16	2016/17	2017/18	Total
Advance works relating to providing cleared site to NHS	317	0	0	0	317
Associated legal costs	31	0	0	0	31
New road creation at Muirhouse Crescent	0	113	219	0	332
Capital contribution to build cost	0	1,659	0	0	1,659
Furniture and Equipment required for CEC staff in new building	0	0	170	0	170
Total capital expenditure required	348	1,772	389	0	2,509
Available capital funding					
21st Century homes / NHS capital funding for new road creation	0	0	0	332	332
Scottish Government enabling monies grant funding	120	0	482	0	602
Prudential borrowing	228	1,772	-93	-332	1,575
Total capital funding available	348	1,772	389	0	2,509

Revenue Implications	£000	£000	£000	£000	£000	£000	
Recurring revenue costs	2014/15	2015/16	2016/17	2017/18	Per annum thereafter	Total over period	Period of payment(in line with current lease period)
Loan charge costs supported by Children and Families (charged in arrears)	0	16	145	138	112	2,863	to 2040-41 inclusive
Share of unitary charge and facilities management charge per occupancy agreement (excluding yearly increase linked to RPI)	0	0	106	106	106	2,651	to 2040-41 inclusive
Total revenue expenditure	0	16	251	244	218	5,515	
Available revenue funding							
Looked after Children's budget earmarked for NWEPC staff occupation (maximum £0.205m available per annum)	0	16	205	205	205	5,141	to 2040-41 inclusive
Running cost savings associated with previous accommodation at 1B Pennywell Gardens and 34 Muirhouse Crescent (to be released by Corporate Property - maximum £0.061 available per annum)	0	0	46	39	13	374	to 2040-41 inclusive
Total revenue funding available	0	16	251	244	218	5,515	