



Report

The Inclusive Homelessness Service at Panmure St Ann's

Edinburgh Integration Joint Board

18 May 2018

Executive Summary

1. The purpose of this report is to present the Standard Business Case for the creation of a new operational base for the Inclusive Homelessness Service (IHS) in a setting that will enable the co-location of NHS Lothian, City of Edinburgh Council and third sector agencies working together to serve the target population.
2. The proposal seeks capital funding from NHS Lothian and therefore the Business Case has been prepared in line with the guidance contained in the Scottish Capital Investment Manual.
3. On 13 April 2018, the Strategic Planning Group considered a version of this paper and endorsed the recommendations.

Recommendations

4. The Integration Joint Board is asked to:
 - i. note that the Edinburgh Access Practice had to vacate its main surgery in the Cowgate in January 2017, and as a result, was compelled to take up sub-optimal accommodation in the basement of the Spittal St clinic
 - ii. note that the Lothian Capital Investment Group (LCIG) agreed in May 2016 that Spittal St did not offer an acceptable long-term solution for this service
 - iii. note that to improve outcomes for service users, a new integrated model of complex needs provision in the shape of the IHS has already been approved by the Integration Joint Board
 - iv. endorse the selection of the Council-owned property that previously served as the Panmure St Ann's School as the preferred operational base for the HIS

- v. endorse the accompanying Business Case, which seeks capital funding of £2.98 million from NHS Lothian for the re-fit of Panmure St Ann's
- vi. endorse the estimated annual running costs of £106k arising from the occupancy of Panmure St Ann's, of which NHS Lothian has agreed to provide £86K and the Council the remaining £20k
- vii. ask the Council and NHS Lothian to develop a framework for the funding of capital projects that are developed in partnership.

Background /Main report

- 5. The project seeks to improve the life chances, health and wellbeing of the most vulnerable, disenfranchised and disengaged citizens who exhibit a range of profound and complex needs and who place significant demands on services, but for whom, despite significant resource allocation, outcomes are often poor.
- 6. In 2016, the Complex Needs Review Group reported to the Integration Joint Board on how service delivery to this population could be enhanced to improve outcomes. Co-location, single management, shared priorities and culture shift were identified as prerequisites for successful transformation. The task of implementing this change has been taken on by the Inclusive Edinburgh Implementation Board (IEIB).
- 7. The service structure is fragmented and piecemeal. The Edinburgh Access Practice provides general practitioner services to over 600 people, many of whom also benefit from the mental health and substance misuse staff who are attached to the practice. In January 2017, the Access Practice had to move from its Cowgate premises and since then its main clinical base has been in the lower ground and basement floors of the Spittal St Clinic.
- 8. Council services delivered through the IHS, consist of housing support, social work and criminal justice. These are situated for the most part in the Access Point in Leith St, which also offers a very limited clinical space for an Access Practice satellite surgery. The Access Point's housing support service has a caseload of over 500, of whom roughly half are registered with the Access Practice.
- 9. Third sector partners, such as Streetwork and Cyrenians, also perform a vital role in supporting the target population and acting as a bridge between the service users and the public sector agencies. The IHS seeks to gain increased benefit from this activity by providing touchdown accommodation for voluntary sector staff in the new operational base.
- 10. Neither the Spittal St nor the Access Point premises provide a suitable location for a fully integrated IHS service. Both are too small and do not provide an

environment that is safe, capable of promoting wellbeing and “psychologically informed”.

Main report

11. The Inclusive Edinburgh Board has identified that the service solution must entail a multi-agency approach, with a recovery focus, working in a co-located setting in the city centre. The project brief consists of the provision of accommodation for up to 50 staff, composed of a roughly equal number of NHS Lothian and Council employees.
12. In 2016, the Council indicated that the Panmure St Ann’s School in the Cowgate would close in 2017, following a period of statutory consultation. This along with an option to locate the IHS in Waverley Court was the subject of a feasibility study conducted by Hub South East Scotland in 2016. Although the capital costs per square metre were roughly comparable, Panmure was very much preferred as the best option for benefits realisation.
13. The Panmure project will consist of four consulting/treatment rooms, eight interview rooms and an OT assessment room on the ground floor, with staff office workstations on the first floor. The total gross internal area of the building is 808 square metres and the occupancy breakdown reveals a split of 64.2% for the NHS component of the service and 35.8% for the Council’s component.
14. The Council has issued draft heads of terms to NHS Lothian, which stipulate that a peppercorn rent of £1 per annum will be charged for the property on the basis that NHS Lothian will fund the entire capital works programme. The lease will be for a duration of 20 years, with an option for a further of 10 years and NHS Lothian will assume responsibility for repairs and insurance.
15. The running costs, inclusive of rates, energy and cleaning, amount to £106k per annum, based on benchmarks for similar properties elsewhere. NHS Lothian has offered to contribute £86k, which was the GMS budget allocation for the Access Practice occupancy of the Cowgate, leaving the remainder to be funded by the Council.
16. Spittal St will remain as an operational base for the NHS Lothian Harm Reduction team, which is managed by Royal Edinburgh and Associated Services, whilst the Council-owned Leith St premises will become surplus to requirements if this project goes ahead.
17. Panmure represents one of the first major capital projects undertaken on behalf of the IJB, which has depended on the Council agreeing to forfeit a commercial rent or capital receipts from the sale of a surplus property. As a result, there has been some delay before agreement could be reached on the nature of the

property transaction between the two corporate bodies. The arrangements that have been devised for the occupancy of Panmure should not be viewed as a precedent for future Health and Social Care Partnership services that are hosted in NHS Lothian or City of Edinburgh Council properties.

Key risks

18. Failure to provide suitable premises for the IHS will impede service integration and impair outcomes for service users, resulting in an adverse impact on inequalities in the city.

Financial implications

19. The project will require a capital investment of £2.98 million, including VAT, which will be met by NHS Lothian.
20. If this capital funding is forthcoming, the Council is prepared to offer the Panmure St Ann's property to NHS Lothian for a peppercorn rent. The remaining property costs amount to £106k per annum, of which £86k will be met by NHS Lothian and £20k by the Council.

Implications for Directions

21. The Integration Joint Board has issued direction EDI_2017/18_4 Primary Care, which includes the following:

4 c) co-location of the Access Practice with a range of other services to support homeless people with complex needs to deliver new integrated ways of working.

Equalities implications

22. An Integrated Impact Assessment has been held, which explored the potential impacts arising from the project and concluded that several issues should be considered during the detailed design stage to ensure that the needs of the target populations were fully met.

Sustainability implications

23. The re-location to a newly refurbished service base will be more energy efficient and will replace existing accommodation in Spittal St and Leith St.

Involving people

24. The Complex Needs Working Group conducted a series of workshops for service users, which identified the advantages of an integrated service working from a single location that met the design criteria of a “psychologically informed environment”.

Impact on plans of other parties

25. The project will have a significant impact on the work carried out by third sector organisations, such as Streetwork and Cyrenians who are commissioned by the Health and Social Care Partnership to support the role of the IHS.

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Appendices

Appendix 1

Inclusive Homelessness Service: Standard Business Case

STANDARD BUSINESS CASE

1 Executive Summary

At any time there are a number of inhabitants of Edinburgh who are described as homeless; a more accurate definition might be vulnerable, disenfranchised and disengaged citizens who place significant demands on services, and for whom, despite substantial resource allocation, outcomes are mostly poor. The evidence indicates that the number of people in Edinburgh that fall into this category is growing year by year.

Edinburgh Access Practice

The main provider of health care to this population for the last 20 years has been the Edinburgh Access Practice (EAP). The Practice serves a transient population of up to 700 patients, with a relatively high level of turnover, many of whom present multiple and complex problems that demand a range of interventions from both the NHS and other services.

In 2017 the Practice vacated its main surgery in the Cowgate in order to make way for a planned hotel development and since then has taken up accommodation in basement of the Spittal St Clinic.

Review of Homeless Service Provision in Edinburgh

In view of the evidence of unsatisfactory outcomes experienced by the homeless population a Review led by the Edinburgh Integrated Joint Board (IJB), has developed a set of proposals to improve service delivery. The key recommendations are that a new Inclusive Homelessness Service (IHS) should be more focussed on those in greatest need, be delivered by an integrated team with an overall manager and be based in a single city centre location in a co-located setting.

As a consequence of the Review the brief for the re-provision of EAP was extended to include accommodation for Housing and Social Work staff working within the IHS as well as some space for voluntary sector partners. Council employees attached to the IHS are currently based in the TAP office at Leith St. and will move to the new premises when they become available. Altogether the new remodelled service consists of 40 staff, equally split between NHSL and the Council.

Panmure St Anne's

A number of accommodation options for the IHS have been investigated and the preferred solution is that the Panmure St Ann's school in the Cowgate is used for this purpose.

The case for the Panmure option has been substantiated by a Strategic Support Services report conducted by Hub South East (HubSE) which has developed a design solution that can accommodate the full range of IHS provision and also potentially offer some surplus space for collaborative ventures with academic and research bodies working in the field of homelessness.

The project steering group has expressed a strong preference for this option in terms of its location, its accessibility and its potential to create a psychologically informed environment which can improve clinical outcomes. This is reflected in the non financial benefits analysis that is included in the business case.

Finance

The HubSE report identified estimated capital costs of £2,980 millions, inclusive of VAT, that are necessary for the conversion and fit out of the property.

The revenue consequences of the project is underpinned by the transfer of property budgets from the previous EAP premises in the Cowgate and the Council owned TAP building in Leith St.

Edinburgh Council owns the Panmure St Anne's property and is prepared to offer a lease to NHS Lothian. Since the Edinburgh Integrated Joint Board (IJB) has assumed responsibility for the delivery of services to the homeless population through the IHS, its consent to this business case is also required.

Project Plan

HubSE will be appointed by NHSL to carry out the refurbishment of the Panmure site with Grahams acting as the tier one contractor. The initial draft programme indicates that the project can be completed by March 2020 if NHSL is able to approve the business case and subsequently issue a New Project Request to HubSE during July 2018.

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2 The Strategic Case

2.1 Strategic Context

2.1.1 NHSL has 4 overarching objectives which are to:

- Protect and improve the health of the population
- Improve the quality and safety of health care
- Secure value and financial sustainability
- Deliver actions to enable change

2.1.2 The newly established Integration Joint Board (IJB) of the Edinburgh Health & Social Care Partnership (EHSCP) is the vehicle by which NHSL and Edinburgh Council together with local communities will plan, organise and deliver services in Edinburgh. As such it will seek it will seek to:

- Deliver services more innovatively and effectively by bringing together those who provide community based health and social care;
- Shape services to meet local needs by directly influencing Health Board planning, priority setting and resource allocation;
- Integrate health services, both within the community and with specialist services, underpinned by service redesign, clinical networks and by appropriate contractual, financial and planning arrangements;
- Improve the health of local communities, tackle inequalities and promote policies that address poverty and deprivation by working within community planning frameworks;
- Ensure more people receive clinical care closer to their homes and in community settings

2.1.3 Edinburgh IJB is responsible for the following strategic priority within the Edinburgh Community Plan:

“Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health focusing particularly on shifting the balance of care, reducing alcohol and drug misuse and reducing health inequalities.”

2.1.4 One of the key priorities of EHSCP is to combat inequalities. Action to tackle the problem requires a joined up approach with other service providers as clinical interventions on their own may have little impact in mitigating the incidence and effect of inequalities. EHSCP recognises the importance of specialist services that target the most disenfranchised groups.

2.1.5 The IJB will continue to support Inclusive Edinburgh, a major multi-agency initiative formed in 2014 which aims to engage all service providers to improve access to services, to provide psychologically informed services and to maintain an integrated response to people no matter the level of need, risk or complexity they present.

2.1.6 The IJB also has taken on responsibility for the delivery of mental health and substance misuse services within Edinburgh.

2.1.8 NHS Boards in Scotland have a responsibility to have plans in place to address the specific health problems that are encountered in the homeless population. In 2005, the then Scottish Executive produced a set of standards that should inform that strategy as detailed below:-

Standard 1

The Board's governance systems provide a framework in which improved health outcomes for homeless people are planned, delivered and sustained.

Standard 2

The Board takes an active role, in partnership with relevant agencies, to prevent and alleviate homelessness.

Standard 3

The Board demonstrates an understanding of the profile and health needs of homeless people across the area.

Standard 4

The Board takes action to ensure homeless people have equitable access to the full range of health services.

Standard 5 The Board's services respond positively to the health needs of homeless people.

Standard 6 The Board is effectively implementing the health and homelessness action plan.

2.1.10 In terms of services delivered to the homeless persons, or those at risk of homelessness there is widespread recognition that much more could be done in order to improve outcomes for service users. This led to both NHS Lothian and Edinburgh Council agreeing to the commissioning of the Complex Needs/ Homelessness Review under the auspices of Inclusive Edinburgh. The Review sought to ensure that homeless people with complex and multiple needs experience are better able to live safer lives through effective risk management and evidence based interventions

2.1.11 The Review set out a list of recommendations in its final report to the IJB in March 2016. It identified that a full business case for the funding, location and integration of a Complex Care Homelessness Service would be brought back for approval once proposals for a city centre location are agreed by NHS Lothian and Edinburgh Council. That agreement has now been reached and this business case is now ready for approval.

2.2 Investment objectives

The investment objectives the project seeks to achieve are presented below:

- ❖ To continue to provide General Medical Services to patients who are homeless, or at risk of homelessness
- ❖ To develop an integrated service model that maximises the scope for joint working and multi-agency interventions
- ❖ To reduce the incidence of health inequalities in Edinburgh
- ❖ To improve the healthcare environment so that services are delivered more safely, and effectively.
- ❖ To deliver high quality health care services more efficiently to the complex needs population

2.3 Existing Arrangements

2.3.1 There is a recognisable group of people living in Edinburgh who are often described as having “complex needs”, who struggle with homelessness, and often unemployment, drug and alcohol problems, mental or physical ill health, and who may be victims of violence. At any one time the number of homelessness cases dealt with by Edinburgh Council housing services averages around 450, with a similar number of new cases presenting each year. This figure does not take into account of 100 or so homeless people who choose not to engage with Edinburgh Council Homelessness Services but do occasionally use night care shelters run by the Bethany Trust.

2.3.2 Available data on the homeless population reveals that they experience poorer physical and mental health than the general population. A 2014 health audit of over 2500 homeless people in England found much higher prevalence of physical, mental and substance misuse issues in the homeless population compared to the general population (see Table 1)

Table 1

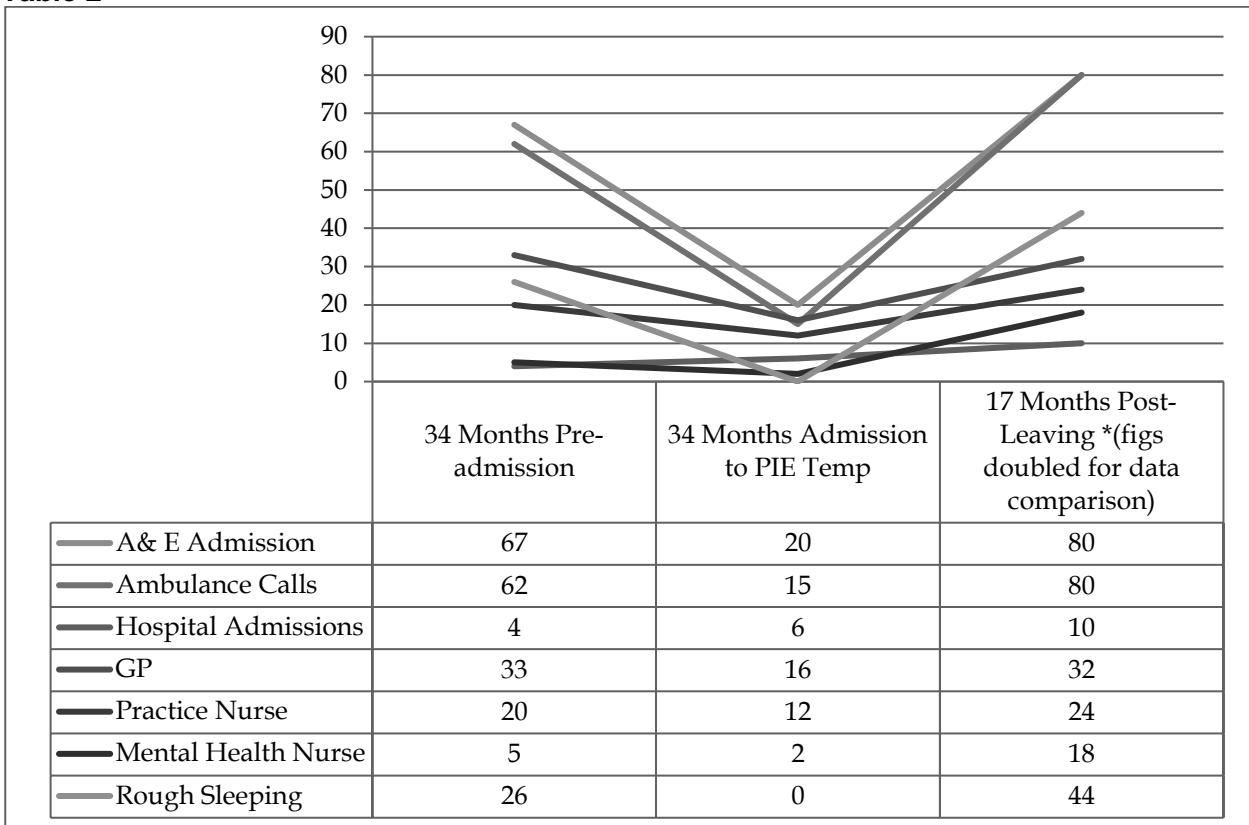
Health Issue	Homeless Population	General Population
Long term physical health problems	41%	28%
Diagnosed mental health problems	45%	25%
Taken drugs in the past month	36%	5%

2.3.3 Homeless people have a much higher risk of death from a range of causes than the general population. A retrospective five year study in Glasgow found that being homeless increases the risk of death from drugs by seven times, trebles the risk from chest conditions and doubles risk from circulatory conditions. Many of the health conditions that homeless people develop in their 40s and 50s are more commonly seen in people decades older. The average age of death for a homeless male person is 47 compared to 77 in the general population. In 2013-14, the average age of death for a Crisis Centre user in Edinburgh was 36 years.

2.3.4 The most common health needs of homeless people relate to mental ill-health, alcohol abuse and illicit drug use and dual diagnosis is frequent. Injuries arising from violence and aggressions are a common threat to the physical and psychological health of homeless people. Depression and suicides are higher among homeless people compared to the general population. Mental ill health is both a cause and a consequence of homelessness as are alcohol and drug abuse. There is also a complex relationship between homelessness and offending with an increase in the risk of homelessness for those who have spent time in prison and a lack of stable accommodation increasing the risk of re-offending.

2.3.5 The provision of health care on its own to this population is often ineffective as lifestyle patterns of behaviour is likely to persist unless there is access to adequate housing and social support services. Equally providing standard rented accommodation to this group may be futile if the recipient is unable to sustain an independent tenancy. For many members of the complex needs group, access to supported accommodation makes the most positive impact. Table 2 below represents the service engagement made by a single EAP patient over an 85 month period divided into three periods – before supported accommodation (PIE Temp), during supported accommodation and following leaving the supported accommodation.

Table 2



2.3.6 Table 2 above also reveals the scale of demand that one person with complex needs can place on scarce public sector services. Over the space of the 85 month period, the patient attended A&E on 167 occasions, was the subject 157 ambulance calls and experienced 20 hospital admissions with the great majority of contacts taking place when the individual was not in secure supported accommodation.

2.3.7 The most vulnerable group within the population termed as homeless are the “rough sleepers” who present most severe cases of multiple exclusion. Estimates for the number of people sleeping rough on a typical evening in Scotland is over 650 whilst the

number of unique user of winter shelters In Edinburgh during the 2016-17 season was 702. Significantly recently evidence from England indicates that the number of rough sleepers has grown by 30% over the last 12 months.

Edinburgh Access Practice

- 2.3.7 The Access Practice (EAP) performs the lead role in providing health care services to the homeless population in Edinburgh. It is established as a 2c “salaried” Practice, directly managed by NHSL, which provides General Medical Services to a fluctuating patient list of between 500-700 patients. The annual budget consists of £912K for staffing costs and a further £86K for premises.
- 2.3.8 As described earlier the target population presents a range of needs requiring specific interventions. Therefore the Practice team consists of specialist mental health, occupational therapy, substance misuse practitioners as well as GP’s, practice nurses and administrative staff. At the present time over 250 of EAP’s patient list are on the caseload of the Practice’s mental health team.
- 2.3.9 In January 2017 EAP was compelled to vacate its primary base in the Cowgate owing to the termination of the lease. Since then EAP has delivered its main surgery from the NHSL property in Spittal St which it shares with the city wide Substance Misuse Harm Reduction team.

The Access Point (TAP)

- 2.3.10 A total of 30 Housing, Social Work and Criminal Justice staff managed by the IHS are based at the TAP office in Leith St. This property also offers a very small satellite surgery for EAP which is accessed through a separate entrance.

2.4 Business Needs

- 2.4.1 This section covers the challenges encountered by the EAP, Housing and Social Work services that are part of the IHS and which are working together to improve outcomes for the homeless and complex needs population in Edinburgh.
- 2.4.2 In May 2015, a Review of Homelessness Services in the city was agreed by the Corporate Management Teams of both NHS Lothian and Edinburgh Council. The Review was conducted under the leadership of Inclusive Edinburgh.
- 2.4.3 The Review engaged as full partners a number of voluntary sector agencies, such as Streetwork and Edinburgh Cyrenians, who work with the homeless population. It has also consulted a significant number of service users and the results of this engagement were contained in the report of the Service User Work Stream that informed the Review’s plans for future service re-design.
- 2.4.4 In order to fulfil its remit the Review scoped out the activities delivered by all homelessness service providers through analysing workloads, service user pathways and resourcing levels. The key recommendations of the Review were reported to and approved by the IJB in March 2016 and led to the creation of the IHS.
- 2.4.5 The Review found that service provision was fragmented and delivered in settings that were oppressive and potentially unsafe. As such one of its early recommendations was the need to develop a single service base in the city centre which could offer a safe and accessible facility to replace the Cowgate and Leith St premises.
- 2.4.6 A new post of Inclusive Homelessness Service Manager has been created to take responsibility for managing the delivery of all homelessness services that are the

responsibility of Edinburgh IJB and co-ordinate the full range of service delivery with voluntary sector partners. The post has been job evaluated by both Council and NHS Lothian and the post was eventually recruited in February 2018.

2.4.6 Since the report recommending the formation of the IHS was approved further measures to improve delivery have been introduced by the New Ways of Working Group in order to create a service model that will have a sharper focus on people who are homeless or at risk of homelessness but overall impacts remain constrained by the fragmentation of services between Spittal St and TAP.

2.4.7 Following on from this Table 3 below demonstrates what business needs should be addressed in order to accomplish the investment objectives.

Table 3: Business Needs

Investment objectives	Business needs
To continue to provide general medical and community health services to patients who are homeless, or at risk of homelessness	EAP needs to be re-provided in a central Edinburgh location. Suitable mix of services should be located on site in order to encourage attendance and facilitate treatment.
To develop an integrated service model that maximises the scope for joint working and multi-agency interventions	Co-location and unitary management arrangements are desired. Services should share eligibility criteria. Resources need to be pooled with integrated business support across the partner agencies Review of skills mix within current staff group
To reduce the incidence of health inequalities	Provide better, more targeted interventions Greater focus on patient and client outcomes Initiatives to support harm reduction and promote healthier lifestyles are actively pursued.
To improve the healthcare environment so that services are delivered more safely, and effectively.	Replace existing properties that are not categorised as functionally suitable. Ensure that premises are H&S and DDA compliant. Service users should have positive experiences of care.
To deliver high quality health care services more efficiently to the complex needs population	Encourage self management of health conditions Foster relationship building with service users as a bridge to more effective engagement Consolidate linked services in one location.

2.5. Potential Business Scope and Service Requirements

- 2.5.1 The re-provision of accommodation for the EAP formed the original scope of this project. This consisted of capital fit out to meet clinical requirements and equipment costs together with future revenue expenditure on the selected property. This will require a city centre location providing around 350 sq m of accommodation in terms of consulting, treatment and office space.
- 2.5.2 Further to the above the project should provide accommodation for around 25 Housing Support, Social Work and Criminal Justice staff employed by Edinburgh Council in line with the integrated service model recommended by the Homelessness Review to promote co-location with other services.
- 2.5.3 The new IHS model will also involve the active participation of voluntary sector partners to provide triage and ongoing support to service users and so both Cyrenians and Streetwork will require access to touchdown facilities. The full accommodation schedule for the redesigned IHS is presented in Appendix II.
- 2.5.3 The Business Case does not include any detailed assessment of the scope for potential savings on EAP employee costs arising from the introduction of the remodelled IHS and the opportunities to generate efficiencies from co-location. It is assumed that the consolidation of three separate receptions (one currently in Spittal St and two in TAP) into one will enable some reductions in staff levels. In anticipation of this in the past year EAP has recruited all new staff on temporary contracts.
- 2.5.4 The design brief for the new premises should enable the co-located services to share a single reception and all patient facing facilities. Occupants will operate the same protocols to ensure staff and patient safety. The site will offer a secure entry to the shared reception and waiting area but also offer capability for separate access for patients who may need to be segregated from other service users. This feature is especially useful to regulate the patient mix and prevent potential adverse interactions between some service users.
- 2.5.5 Furthermore the Review identified the importance of creating a “Psychologically Informed Environment” (PIE)¹ in the new facility. This will result in a non-institutional, safe and welcoming space which offers a sense of physical and emotional security for clients and staff.
- 2.5.6 Following discussion with the Salaried Primary Care Dental Service it has been agreed that any re-provision should include space that meets the minimal standard necessary for the assessment of patients with the intention being that subsequent treatment is delivered at Chalmers.
- 2.5.7 In summary the minimum service requirements to be met by this project can be summarised as follows:
- Identify and secure new premises for EAP in order to maintain business continuity
 - At the same time provide accommodation which allows co-location with other public and voluntary sector services that will combine to form a new Edinburgh Inclusive Homelessness Service working with the complex needs population in
 - Ensure that the new facility for the integrated service embraces the design principles of a “psychologically informed environment”.

¹ S.Boex and W. Boex “Well-being through design; transferability of design concepts for healthcare environments to ordinary community settings”

2.6 Potential Benefits

2.6.1 Benefits arising from addressing the business needs can be expressed in a number of ways. The table below presents a list of benefits which are based on the measurable indicators identified in the strategic assessment guidance which forms part of the NHS Scotland Capital Investment Manual.

Table 4 Project Benefits

Investment objectives	Benefits	Measurement
To continue to provide general medical services to patients who are homeless, or at risk of homelessness	Reduces the rate of attendance at A&E Avoids placing additional workload on other General Practices	PACT data PCCO
To develop an integrated service model that maximises the scope for joint working and multi-agency interventions	Supports people looking after their own health and well being. Closer working relationships with other service providers Shared eligibility criteria between service providers	Inclusive Edinburgh Inclusive Edinburgh Inclusive Edinburgh
To reduce the level of health inequalities	Supporting a reduction in premature mortality Supporting early cancer detection Supporting suicide reduction initiatives	QOIS HEAT HEAT
To improve the healthcare environment so that services are delivered more safely, and effectively.	Improves the physical condition and quality of the healthcare estate Reduces the age of the healthcare estate Reduces incidence of violence and aggression	SAFR SAFR DATIX recording
To deliver high quality health care services more efficiently to the complex needs population	Reduces the demand for backlog maintenance Contributes to a reduction in energy consumption/carbon emissions Optimises resource usage Improves space utilisation Optimises running costs of buildings	NHSL Financial Plan SAFR QOIS SAFR SAFR

- 2.6.2 In addition to this approach the Review of Homelessness Services also produced a Benefits Case that considered the advantages resulting from the broader aspects of service integration and the introduction of new ways of working. This informed the final report of the Review and is presented in Appendix I of this Business Case.
- 2.6.3 In terms of directly identifiable consequences, an optimised, adequately funded IHS was perceived to result in the following benefits:-
- Improved psychological and emotional wellbeing for each individual and significantly raised percentage chances of break cycles of harm and the individual progressing towards citizenship.
 - Visible impact on the streets of Edinburgh (fewer sleeping bags). It is impossible at this stage to quantify the number of individuals
 - Individuals presenting less often at statutory services (A&E etc) and as a consequence the release of statutory capacity (NHS/Police/Criminal Justice/CEC)
 - An exemplar of Health and Social Care integration that demonstrates the efficacy and improvement inherent in service redesign, single unified culture and management.
- 2.6.4 Following on from this, the new integrated service model should be viewed as only one part of the wider, local and national homelessness effort. So there are benefits that the service may contribute to but where impacts should not be attributed solely to the activity of the service. In this category the following benefits are highlighted:-
- Economic: Contribute towards a reduction of the £20k to £40k per person per year net additional spend by the state.
 - Public Sector Reform: Contribute towards a change in approach and attitude across all statutory services in Edinburgh/Scotland towards complex needs individuals
 - Health & Social Care Integration: Provide a successful model of service reform within the national health and social care agenda.

2.7 Strategic Risks

- 2.7.1 Failure to ensure positive outcomes for the homeless population remains the most critical risk encountered by NHSL if this project does not go ahead.
- 2.7.2 Construction and design risks are detailed in Appendix VI which is the risk register compiled by NHS Lothian's chosen development partner, Hub South East Scotland (HUBse)
- 2.7.3 In addition to the risks arising from the development process there are a number of strategic risks which have been addressed in the lead up to this Business Case.

Table 5 High Level Risks

Risk categories	Identified risks	Proposed actions
Business Risks	Capital cost overruns Lease arrangements not acceptable	Agree affordability cap with HubSE Negotiations on heads of terms have been concluded.
Service Risks	Integrated service model not fully tested Stakeholder expectations of redesigned service exceed affordability	Ensure that potential impacts are understood and plans are in place to mitigate negative consequences through an Integrated Impact Assessment Work with stakeholders to ensure expectations are realistic
External Risks	Delay in securing Edinburgh Council's commitment to the project. Planning risks	Ensure that capital and revenue funding proposals are submitted promptly to Council governance Initial exploration with Planning department undertaken by Hubco

2.8 Constraints

- 2.8.1 Any re-provision of the IHS will require investment to fit out clinical space and there is no guarantee that NHSL capital funding will be available for this purpose.
- 2.8.2 There is an overwhelming consensus that in order to be effective, IHS provision to the complex needs population must be delivered in a city centre setting. The number of available city centre sites is limited and none suitable have been identified that are currently owned or controlled by NHSL.

2.9 Dependencies

- 2.9.1 The successful delivery of this project depends upon on all partners agreeing to the organisational proposals made by the Review. In addition the terms for any Council owned property required by the IHS will need to be approved by a meeting of Edinburgh Council Finance and Resources Committee.

3 The Economic Case

3.1 Overview

3.1.1 The critical success factors form the essential pre-requisites that must be in place in order for the project to be delivered. The Scottish Capital Investment Manual (SCIM) sets out the key criteria that must be fulfilled before the project can go ahead, as follows:-

- The project needs to reflect the strategic goals of both NHSL and Edinburgh Council and deliver the investment objectives set out in section 2.2
- Benefits optimisation: the option should maximise the return on investment providing a solution which offers long term sustainability. The main benefits and the data sources used to measure them are presented in section 2.7
- Supply side capacity and capability: the option must optimise service delivery and provide sufficient capacity for the desired service configuration, and EHSCP must be able provide this level of service. This capacity is presently in place, and will be confirmed in the Strategic Plan of EHSCP.
- Potential affordability: the project must be affordable and this is addressed in the Financial Case outlined in Section 4.

3.1.2 The Scottish Government has introduced a set of Strategic Priorities with links to measurable indices which form the basis for assessing the benefits of capital projects throughout Scotland. These Strategic Priorities will be used as the key measures to assess the available options for this project.

3.2 The Options Shortlist

3.2.1 A shortlist of options was presented in 2015 in the Initial Agreement for this project. It revealed a consensus that whichever option was chosen, the service solution must entail a multi-agency approach, with a recovery focus, working in a co-located setting in a refurbished city centre location.

3.2.2 The range of options available is limited. Land values in the city centre are high and there is little or no prospect of re-providing EAP and the wider IHS in a new build development. The most realistic solution will require a lease of an existing property which will demand a level of refurbishment so that it is compliant with HTM standards.

Closure of Access Practice

3.2.3 The Initial Agreement was focused on the need to identify alternative premises for EAP in view of the then impending loss of its Cowgate base. As such the complete closure of the practice was considered. Patients served by EAP could be transferred to another practice but this would require the consent of the General Practices concerned. Most Practices located near to Edinburgh city centre are under intense pressure from increasing patient list sizes, would be wary of the potential disruption caused by this transfer and are in any case not in a position to offer the specialised patient centred services provided by EAP. In addition the EAP clinical team would not be easily re-deployed to a more conventional General Practice setting.

- 3.2.4 Even if a transfer of patients was accomplished, there is a reasonable expectation that it would inhibit access by the complex needs population who are often reluctant to engage with mainstream health care services. In summary the human cost arising from the closure of EAP is likely to be severe and for Edinburgh HSCP lead to a significant negative impact on its efforts to reduce health inequalities.

Original Options Shortlist

- 3.2.5 Before examining the substantive options in detail it should be noted that when the Initial Agreement was submitted to LCIG in July 2015 it contained two leased property solutions which have subsequently been discounted. The two options were:-
- Johnstone Terrace Annex, Argyle House
 - 32-34 Market St. (the vacated office of Edinburgh Royal Military Tattoo)
- 3.2.6 In September 2015 NHSL discovered that the Johnstone Terrace option was no longer unavailable following the decision of the property owner to let the space to Edinburgh University since NHSL could not make a firm commitment on its future occupancy at that time.
- 3.2.7 The Tattoo Office was the subject of a feasibility study conducted by Hub South East Scotland (HubSE) in February – March 2016. The final report concluded that this option did not represent value for money in terms of the level of investment required and the outstanding risks involved in undertaking the re-fit of the property.

3.3 Option Appraisal 2016

- 3.3.1 As a result of the closing down of the previously presented options, the Business Case has concentrated on three property solutions which are detailed below.

Option 1 Do Nothing – Services Remain in Spittal St and Leith St

- 3.3.2 As per the SCIM guidance a “do nothing or minimum” option should also be considered for comparative purposes. In effect a “do minimum” option has already been pursued with the re-location of EAP to Spittal St Clinic in January 2017. This represented the only achievable option for the re-provision of EAP in a city centre property that was available at short notice to NHS Lothian.
- 3.3.3 From the outset it has been quite apparent that the Spittal St building does not offer acceptable accommodation for the EAP and is too restricted in size to accommodate the expanded IHS team.
- 3.3.4 The property is shared with the Harm Reduction team of the NHSL Substance Misuse Directorate (which is managed by REAS) and as a result the area occupied by the EAP for patient facing activities has had to be situated in the lower ground floor and basement areas. This zone can be accessed through a separate narrow side entrance but suffers from extremely poor levels of natural light.
- 3.3.5 The space within Spittal St that was available for EAP is not large enough to accommodate the expanded IHS staff team unless the Harm Reduction team and needle exchange is moved elsewhere.
- 3.3.6 Since the enforced move to Spittal St, EAP’s ability to deliver services safely and effectively has been challenged. The number of DATIX recorded incidents has increased, there is no compliant disabled access to the EAP clinical area and staff who may have to respond to incidents of violence and aggression are often situated two floors above the clinical space.

- 3.3.7 During this time EAP has continued to make use of the very restricted clinical facilities in TAP but this space only has the capacity to serve a small number of patients. The the ground floor public facing space within TAP is divided by a residential stairway which limits the scope for any significant re-development.
- 3.3.8 Although the refurbishment of Spittal St was not included as an option in the course of the HubSE feasibility study, work carried out previously gives an indication of the costs to make the entire property fully compliant with fire safety and disabled access requirements. In 2014 Edinburgh CHP investigated an alternative scheme to upgrade the Spittal St property to allow South West Edinburgh Community Mental Health Team move from its Cambridge St. base. The estimated costs of the layout changes necessary to accomplish this were priced in excess £875K. This information is used in the Business Case for comparative purposes.
- 3.3.9 As a matter of record the option of permanently re-locating the EAP service to the Spittal St Clinic was not viewed favourably as a long term solution when this was considered at the Lothian Capital Investment Group meeting in May 2016. In view of the lack of alternatives available to NHSL a request was submitted to Edinburgh Council and the local authority responded by identifying two city centre properties that were expected to become available during 2017. The two sites identified by the Council were:
- Council Headquarters, Waverley Court, Edinburgh EH8 8BG
 - Panmure St Anne's School, Cowgate, Edinburgh EH1 1TQ

These two newly introduced options were the subject of a feasibility study conducted by HubSE during July-September 2016 which is presented in Appendix V.

Option 2 - Waverley Court

- 3.3.10 Edinburgh Council is in the midst of a major programme of service re-design which will result in the rationalisation of its property estate. Part of this exercise has required staff based in the Council HQ building at Waverley Court to move to locality offices and in doing so create space for other services which need a city centre location.
- 3.3.11 Waverley Court consists of 18,000 sq m of accommodation of primarily open plan office with some ancillary space. The building has been designed for single occupancy with very limited provision for public access and as a result the internal layout cannot easily be converted into the cellular accommodation that would be required for the public facing activities conducted by the IHS. The ventilation, heating and cooling systems within the building are similarly difficult to disconnect and modify to cater for the differing needs of multiple occupants.
- 3.3.12 Despite the constraints of the property, the HubSE feasibility study has identified a single area of 614 sq m within the building as having the potential to satisfy the accommodation brief and provide an operational base for the IHS. The area identified is in the ground floor western extension of Waverley Court which allows for the necessary creation of a separate external access for patients and adequate levels of natural light for the majority of the clinical rooms.
- 3.3.13 The designated area forms a discrete zone within Waverley Court but the space is defined by the building shape and layout so that only 25 workstations can be situated within it. There is scope for the remaining staff attached to the IHS to use workstations elsewhere in Waverley Court and all staff can take advantage of the ancillary facilities within the main building.
- 3.3.14 Capital costs of this option advised by the HubSE study were £2.471 millions in 2016. The major part of this sum results from the need to strip out existing mechanical and

electrical services in the selected area and re-install new plant and a specific risk element covering services has been added to the overall sum. There remains a level of uncertainty that the installation of new services could be disruptive and impact adversely on M&E services within the remainder of the Waverley Court.

Option 3 - Panmure St Ann's School

- 3.3.15 The second property offered by the Council is a mid Victorian era school, built in 1879, situated in the Cowgate. It is a C listed building in the UNESCO world heritage site of Edinburgh old town. The entire property, with an internal area of 808 sq m over two floors, and has some dedicated car parking capacity to the rear of the building. In recent years the school has served a diminishing number of pupils with behavioural issues, and following statutory consultation it closed at the in summer term 2017.
- 3.3.16 In the course of the HubSE study a design solution was developed that met the requirements of the staff and service users. Service users would access the building from the Cowgate and all clinical and interview rooms would be situated at the ground floor level.
- 3.3.17 The first floor would accommodate a sufficient number staff workstations to enable increased collaborative working opportunities with voluntary and academic sector partners. However it should be noted that the study concluded that the space available in Panmure is not sufficient to accommodate the NHSL Harm Reduction team that currently shares accommodation in Spittal St with EAP.
- 3.3.18 The capital cost of this option is estimated in HubSE study to be £2.516 millions. Further surveys will be required to investigate the structural condition and services performance of the property and this is reflected in the risk allowance contained in the overall capital cost.
- 3.3.19 A summary of the proposed lease terms for the property is presented in Section 4 of this document.

3.4 Non Financial Benefits Analysis

- 3.4.1 In order to assess the merits of the three options, the project team held a workshop in October 2016 which examined how each one would contribute towards the five strategic priorities identified in the Scottish Capital Investment Manual.
- 3.4.2 The results of this exercise revealed that Panmure St Anne's was clearly favoured as the best option for the IHS service base. It is in the best location for service users, and enjoys the optimum internal area to accommodate all IHS staff and will allow for increased joint working opportunities with partner agencies. It is viewed as being much more conducive to the creation of a psychologically informed environment than the other option.
- 3.4.3 In comparison Waverley Court was assessed as more restrictive in terms of public access and likely to inhibit some potential attendees whilst the area available within it would not maximise the scope for joint working with other agencies.
- 3.4.4 The scoring grid for the non financial benefits analysis is presented in Appendix III.

3.5 Indicative Costs for the shortlisted options

The indicative capital costs for each of the short-listed options are shown below. A more detailed breakdown of costs is given in Appendix VII

Table 6 – Indicative costs for each of the shortlisted options

Costs In £ Millions	Do Minimum (£m)	Panmure St Anne's (£m)
Work required at Spittal Street	0.42	-
Panmure St Anne's Construction Cost	-	2.98
Whole of life Capital Costs	0.89	3.49
Whole of life Operating Costs	25.33	26.24
Total Cost Over Lifecycle (20 Years)	26.22	29.73
Estimated Net Present Value of Costs	18.75	21.78
Non Financial Benefit Score	24.5	92
Net present cost per benefit point	0.77	0.24
Rank	2	1

3.5.1. Key assumptions:

- The work required at Spittal street is to ensure the building is compliant with health and safety regulations
- Cost estimates for Panmure St Anne's are provided by hub
- The clinical pay and non pay costs are the same for both options
- The homeless service currently occupies 40% of Spittal Street.

3.6 Preferred Option

- 3.6.1 Panmure St Anne's school is the preferred option for this project. The building will require a number of adaptations but the extent of internal re-design has been kept at a relatively low level.
- 3.6.2 The existing classrooms on the ground floor would be reconfigured to provide a single reception with spacious waiting area, four clinical rooms and eight interview rooms, one of which would have double door entry for enhanced safety. There would be a single OT Assessment room used to support service users in progressing towards independent living and this room also offer space for group work activities.
- 3.6.3 A new public entrance from the Cowgate would need to be created giving access to a reception and waiting area, with a new central corridor leading to clinical and interview rooms with good levels of natural daylight. An existing secondary entrance would allow wheel chair access and could also be used to provide a secure exit for those patients who wish to use it.

- 3.6.4 Staff accommodation situated on the first floor would consist of a maximum of 40 workstations of which a number would be available for staff from third sector partner organisations such as Cyrenians and Streetwork. A platform lift will be installed giving disabled access between floors.
- 3.6.5 At the rear of the building there is a small raised area that previously served as a play ground. The IHS is keen to explore the use of this plot by service users for horticultural purposes.
- 3.6.6 Naturally the use of shared space within the building has been maximised. On the basis of staff numbers and the use of dedicated space by the two public sector partners the occupancy split is calculated as 64.2% NHSL and 35.8% Edinburgh Council.

4. Commercial Case

4.1 Procurement

- 4.1.1 As this is a business case with a value less than £5m, it is within NHS Lothian's delegated limit and will not require to be submitted to the SGHD for approval.
- 4.1.2 The property is situated at 6 South Grey's Close, Cowgate, Edinburgh, and is owned by the Edinburgh Council. The local authority has informed NHS Lothian that it wishes to offer a single lease for the entire property to an incoming tenant. The Council has also stipulated that NHS Lothian would be responsible for fitting out the property to meet the operational requirements of the occupants.
- 4.1.3 The hub initiative provides the assumed default route for the development of community based NHS facilities in Scotland. The hub procurement route provides guarantees the delivery of the project will be achieved within a set affordability cap.
- 4.1.4 HubSE has to date supplied the initial designs and costings which are presented in this Business Case. Once the Business Case is approved HubSE will be issued with a new project request to deliver the project on behalf of NHS Lothian, in accordance with the requirements of the Edinburgh Health & Social Care Partnership.
- 4.1.5 Grahams Construction has to date been appointed by HubSE as the tier one contractor for the project and will be responsible for the appointment of the design team and other appropriate technical advisers.
- 4.1.6 Any agreements between NHS Lothian, City of Edinburgh Council and HubSE will be scrutinised by NHS Lothian's legal advisers.

4.2 Lease Arrangements

- 4.2.1 The draft lease arrangement stipulates that the Council is willing to provide the property for the project on a rent free basis for a period of 20 years with an option to extend for a further 10 years.
- 4.2.2 The tenant will have full repairing and insuring responsibilities for the property for the duration of the lease. A conditions survey for building is presented in Appendix VII.
- 4.2.3 The IJB has relied upon NHS Lothian and Edinburgh Council to arrive at an agreement on how the ongoing facilities costs should be divided between the two public sector partners, especially in view of the initial capital expenditure that is requested from NHS Lothian. In the absence of any comprehensive agreement on how the property costs for services delivered by the Edinburgh HSCP in Council or NHS Lothian properties should be funded, in this particular case it has been agreed that the facilities costs will be met by NHS Lothian which will receive a subsidy of £20K per annum from Edinburgh Council.
- 4.2.4 The District Valuer has reviewed the heads of terms on offer and advised NHS Lothian that, in view of the initial capital outlay required, the terms are acceptable.

5. Financial Case

5.1 Introduction

5.1.1 The Financial Case considers the affordability of the scheme. This section sets out all associated capital and revenue costs, assesses the affordability of the preferred option and considers the impact on NHS Lothian's finances. In order to make this assessment an overall financial model has been developed covering all aspects of projected costs, including estimates for:

- Capital costs for options considered (including construction and equipment);
- Recurring revenue costs (pay and non-pay) associated with existing services i.e. baseline costs

5.1.2 Taking the above into account, the summary position is as shown below:

Table 7: Summary of Capital Costs

Project Costs	Do Minimum (£m)	Panmure St Anne's (£m)
Capital Costs	0.42	2.98
Total Capital Costs	0.42	2.98

Table 8: Summary of Recurring Revenue Costs

	Do Minimum (£m)	Panmure St Anne's (£m)
Pays	1.19	1.19
Non Pays	0.05	0.05
Total Clinical Costs	1.24	1.24
Property Costs	0.14	0.11
Total Non Clinical Costs	0.14	0.11
Total Revenue Costs	1.38	1.35
Total Budget Available (NHSL)	1.40	1.33
NHSL Revenue (Shortfall)/Surplus	0.02	(0.02)
Contribution from City of Edinburgh Council	0	0.02
Total Revenue (Shortfall)/Surplus	0.02	0.00

5.2.1 Capital Costs

5.2.1 Capital Cost Components

The total capital cost comprises the construction costs provided by hub plus all other costs directly related to the development (mainly relating to equipment and fees).

5.2.2 Assumptions

A number of assumptions have been made in relation to the capital costs. These are set out below:

Cost	Assumption
Funding	Funding assumed to be traditional capital funding, through the Capital Resource Limit, therefore no borrowing costs included.
VAT	VAT on construction costs is assumed to be irrecoverable, with the exception of professional fees. Estimates of VAT recoverability on other costs will be reviewed by VAT advisors
Equipment	Equipment costs are based on a benchmark of £96 per m2. A full equipment list will be developed with the service.
Risk	A contingency for risk has been calculated at 10% of construction costs
Building Regulations	Construction costs are based on 2018 Building Regulations

5.2.3 Total Capital Costs

The overall capital cost for the preferred option amounts to £2.98m. These costs are detailed below:

Table 9 Capital Costs

Project Costs	Panmure St Anne's (£m)
Construction	1.94
Strategic Support Service Fee	0.03
Hub Stage 1 Fee	0.08
Hub Stage 2 Fee	0.12
Professional Fees	0.01
Equipment	0.08
Contingency	0.23
VAT	0.50
Total Capital Costs	2.98

5.2.4 The capital costs are relatively high as they are based on a m2 rate and incorporate the pricing of risk for uncertainty in an old property.

5.2.5 Capital costs in the table above are based on the project cost update report compiled by hub as part of their strategic support services. £30k of costs have been incurred to date, expenditure which was previously agreed by LCIG. Approval of this business case will result in issue of a New Project Request (NPR) and subsequently Stage 1 design. Following conclusion of this Stage, approval of the Stage 1 Report will be sought from LCIG before the project can proceed to Stage 2. Stage 2 includes market testing, which will provide cost certainty on the project. The Stage 2 Report will also need to be approved by LCIG before construction can commence – there is therefore an opportunity to reconfirm Value for Money as more certainty is provided at each stage.

5.3 Revenue Costs

- 5.3.1 In order to confirm the revenue implications of the project, it is necessary to establish the baseline costs of the current service, particularly the property costs. The baseline costs are then compared to the estimated costs of the new development to assess the financial implications.
- 5.3.2 To support this process, a number of assumptions have been agreed in relation to the different cost categories.

Cost	Assumption
Pays	The current service model will not change
Non Pays	There will be no increase in non-pay costs
Property Costs	Property costs are based on benchmark figures from similar developments
Council Contribution	The council have agreed to contribute to the running costs of Panmure St Anne's. This will be confirmed at the CEC Finance and Resource meeting in June.
Available Budgets	The budget for Spittal Street isn't available to offset the running costs of Panmure St Anne's, however the existing EAP Cowgate budget can be used.

5.4 Accounting treatment

- 5.4.1 As the asset is owned by a third party, construction costs will be treated as a capital grant and written off to the Statement of Comprehensive Net Expenditure (SOCNE). There is therefore no depreciation on the construction costs.
- 5.4.2 Other costs incurred by NHS Lothian directly (e.g fees, equipment) will be assessed individually and capitalisation treatment undertaken accordingly.

5.5 Statement of affordability

- 5.5.1 Revenue affordability is confirmed against current budgets, assuming CEC contribution is approved.
- 5.5.2 Capital affordability cannot be confirmed at this stage given lack of cost certainty. £0.2m is affordable within the current Property and Asset Management Investment Programme to conclude Stage 1 and Stage 2 and achieve necessary cost certainty to assess overall capital affordability.

17 Management Case

17.1 Up to the present time, the development of this project has been undertaken on an ad hoc basis by a work stream of the Complex Needs/Homelessness Review and then more latterly by the Inclusive Edinburgh Implementation Board . In order to deliver the project to completion, a Project Board will be established consisting of the following personnel:-

Primary Care Strategic Lead, (Edinburgh H&SC) (Chair)
 Project Manager, NHS Lothian Capital Planning
 Accountant, NHS Lothian Finance
 Partnership Development Manager Edinburgh HSCP
 Manager, Edinburgh IHS
 Practice Manager, EAP
 Inclusive Homelessness Manager, Edinburgh HSCP
 Edinburgh Cyrenians/Streetwork representation

17.2 The Project Board will receive monthly progress reports from HubSE during the duration of the construction project.

17.3 The Project Board will continue to review the risk register contained in the Strategic Services Report contained in Appendix I and take measures to mitigate the risks owned by NHSL.

17.4 Outline Project Timetable

The Strategic Services Report includes a draft project programme based on the assumption that a new project request would be issued to HubSE in January 2017. This has now been updated to take into account the subsequent delay in approvals. There is some potential scope for expediting elements of the Hubco design and development process through stage combination. A summary of the programme including necessary governance approvals and key milestones is contained in the table below.

Action	Commence	Complete
SBC Submitted to IJB Strategic Planning	April 2018	
SBS Submitted to IJB	May 2018	
SBC Submitted NHSL LCIG	May 2018	
Lease Approved by Council F&R	May 2018	
SBC Submitted to NHSL F&R	July 2018	
NPR issued by NHSL	July 2018	
Hub Stage 1	July 2018	November 2018
Planning Consent	November 2018	March 2019
Hub Stage 2	September 2018	April 2019
Building Warrant	December 2018	May 2019
Contract Execution	May 2019	
Construction	June 2019	March 2020