

## NHS LEEDS

AGENDA ITEM:

### BOARD MEETING

<b>Date of Meeting:</b> 19 November 2009	<b>Category of Paper</b> Tick(✓)	
<b>PCT Trust Lead:</b> Visseh Pejhan-Sykes, Acting Executive Director of Finance	<b>Decision &amp; Approval</b>	✓
<b>Paper Author:</b> George Payne, Finance	<b>Position Statement</b>	
<b>Paper Title:</b> Kirkstall Joint Service Centre	<b>Information</b>	
	<b>Confidential Discussion</b>	

ALIGNMENT TO STRATEGIC OBJECTIVES	Tick (✓)	ALIGNMENT TO STANDARDS FOR BETTER HEALTH	Tick (✓)
1. Better health & wellbeing and health protection	✓	Safety	✓
2. Health inequalities	✓	Clinical & Cost Effectiveness	✓
3. Safe, effective, respectful care in modern facilities	✓	Governance	✓
4. Care where and when needed, promoting health and avoiding admission	✓	Patient Focus	✓
5. Choice and control		Accessible and Responsive Care	✓
6. Working with partners	✓	Care Environment and Amenities	✓
7. Commissioning high quality care	✓	Public Health	✓
8. Effective and sustainable use of resources	✓		
9. Support, develop and value staff	✓		
10. Improving and learning organisation	✓		

### SUMMARY

1. The Kirkstall Joint Service Centre (JSC) has been considered for several years. A final decision is now required as to whether the PCT should proceed with this project. A proposal has previously been approved by the PCT Board which would have placed only the CAMHS service for the west of the city in the JSC. This has been rejected by Leeds City Council as unsuitable and alternative arrangements have been proposed, as detailed in the report.

### ACTION REQUIRED

2. The Board is asked to:
- decide** whether to engage in the Kirkstall Joint Service Centre or to utilise existing facilities to provide a solution for CAMHS;
  - decide** whether to engage in the JSC; and
  - agree** the level of participation (i.e. with or without GP).

---

## 1. INTRODUCTION

- 1.1. There has been discussion since March 2005 on the desirability of PCT participation in a Kirkstall Joint Service Centre (JSC). Several bodies or persons have an interest in this decision and the PCT is now required to give absolute confirmation whether or not it will proceed with this development.
- 1.2 The interested parties are:
  - 1.2.1. LCC: partners in the development, in receipt of PFI credits to assist with construction. The PCT should demonstrate partnership working and cooperation in decisions on developments. LCC have stated their desire to proceed with the project only if the PCT is prepared to commit to a joint service centre, and that they will withdraw if the PCT cannot make such a commitment.
  - 1.2.2 MP for the area John Battle. Mr Battle has raised questions with the PCT and met with its officers. He has raised parliamentary questions in the past when the PCT has indicated a desire not to proceed with the project, and only withdrawn these questions when the PCT agreed to try to find a way forward. He would expect any solution to demonstrate that it best serves the needs of the local population. He is, however, aware that we have excess estate and acknowledges that we do not want to construct buildings which are not fully utilised.
  - 1.2.3. Scrutiny Board (City & Regional Partnerships) of LCC have expressed disappointment that the PCT have not progressed this matter more rapidly and have asked the Chief Executive to address them on 5<sup>th</sup> November to explain the PCT position. They have also asked for a full written briefing.
  - 1.2.4 Public consultation has taken place in October/November 2008. 79% of respondents supported proposals for a JSC.
  - 1.2.5. Initially one of the GPs, Dr Walker and Partners, intended to relocate from Laural Bank Surgery but, following consultation with their patients, decided to withdraw. The other GP, Dr Gerraghty and Partners, located in the existing Kirkstall Health Centre, was previously keen to participate, but recently withdrew interest due to financial pressures.

## **2. PURPOSE**

- 2.1. The Board is requested to consider the various pressures and drivers around this decision in order to determine the best way forward for NHS Leeds.

## **3. BACKGROUND**

- 3.1. The Kirkstall Joint Service Centre was proposed several years ago. Since this time there have been several major changes in the factors which would influence a decision to participate in the project, not least of which have been PCT merger and the changing economic environment.
- 3.2. The PCT view of the desirability of the project has changed over this period. In April 2009 the PCT Board rejected the initial draft of a stage one business case submission by the Estates Department with an initial revenue impact of £1.67 million.
- 3.3. The main concerns were lack of a comprehensive options appraisal, benefits analysis and any comprehensive data as to the nature, patient need and configuration of the services to be provided in the JSC by the PCT. There was also no health outcome analysis to support the scheme. Furthermore, the site selected is a particularly difficult site to develop and will carry significantly high abnormal costs during the construction process – which will be reflected in the Lease Payment charges for the building over the next 25 years.
- 3.4. The PCT Board therefore charged the Estates and Strategic Planning team to revisit the scheme, service by service in order to establish the true healthcare related need for this development.
- 3.5. Following a more detailed review, the Primary Care team concluded that there was no need for additional or significant improvements in premises for GPs in Kirkstall and that the population is already reasonably well served in this respect.
- 3.6. The Provider Arm review of services concluded that there was a need to improve the configuration of services for Child and Adolescent Mental Health Services (CAMHS) and that the lack of consolidated premises for this service was a significant drawback in this respect. The review also concluded that there was no other need for service development or expansions in any other services that the PCT provides in Kirkstall and that there is sufficient capacity within the PCT to accommodate all foreseen service developments.

- 
- 3.7. Therefore, in July 2009 EMT approved a preferred option for the JSC scheme whereby the CAMHS service would be relocated from the Cringlebar and Bramley sites into the new JSC. Cringlebar is scheduled for disposal.
  - 3.8. Leeds City Council subsequently advised that they considered this would not meet the requirements for a joint service centre, as the CAMHS service would require a separate entrance and users of the service would be unlikely to make use of the range of other services in the JSC, such as advice, benefits and library services. They requested the PCT come up with alternative proposals.
  - 3.9. These alternatives have now been formulated, and it is once again necessary to review these proposals and their associated costs in the light of service needs and the strategic fit for NHS Leeds and in context of the benefits derived from the alternative proposals.
  - 3.10. It is also necessary to consider if and how the decision on CAMHS relocation impacts on the decision to engage in the JSC.

#### **4. ISSUES**

- 4.1. NHS Leeds strategy is supportive of major developments which can deliver a range of services in the most deprived areas of the city. Although Kirkstall has pockets of high deprivation, it is overall an area of moderate deprivation.
- 4.2. There is presently no agreed path for execution of the NHS Leeds strategy. It is therefore necessary to consider proposals individually for their strategic fit and suitability of timing.
- 4.3. There is a need to relocate the CAMHS service. Moving CAMHS into the JSC would have offered a ready made solution with little need to re-arrange any other services across the PCT. However, this would have been in the context of large pockets of underutilised estate across the city and the JSC arrangement would need to have been entered into only on the proviso that major rationalisation of the Estate would ensue in parallel.
- 4.4. However, with LCC now requesting that CAMHS is relocated elsewhere, this means that some significant shifting around of services needs now to take place to house CAMHS in existing PCT premises and move a range of other services into the JSC.
- 4.5. The introduction of a more complex set of moves naturally led to a more challenging and in depth review of estate rationalisation options

---

with the conclusion that the existing estate could accommodate both CAMHS and the decanted services. This would lead to significantly more cost effective solutions bringing back into focus for the PCT Board the balance between the politics surrounding the JSC in Kirkstall and what represents best value for money and the best health outcomes for patients of the PCT. Two realistic and viable examples of reusing existing estate have been included in this paper (options 3 and 4).

- 4.6. Had LCC been able to transfer elements of their own children's services and use the JSC as an opportunity to provide a JSC for children's services alongside CAMHS, there would have been some scope for further examining the strategic and outcome benefits of such a scheme. In the event, the LCC were unable to pursue this option.
- 4.7. Strategic investment in a JSC, if based on the transfer of a range of Community based services should provide economies of scale and would ideally (though not necessarily) include a GP practice in order to provide a natural flow of patients across Primary care services – i.e. an integrated health centre model. The proposal for taking up a small area in the new centre may represent a solution to the CAMHS issue rather than a strategic investment. As the space would only allow for a small range of services to relocate to the new JSC in order to allow for a solution for CAMHS elsewhere at the PCT (e.g. the PCT's Kirkstall HC), the question could then arise as to whether the PCT would be able to develop its strategic aims in this area at a later date (either through extension of the JSC or development of a new or existing site). In reality, the likelihood for the need for expansion is very remote.
- 4.8. Benefits of co-location may be considered from the perspectives of:
  - 4.8.1. health
  - 4.8.2. social services
  - 4.8.3. synergies
- 4.9. Health: Other than CAMHS there are no pressing needs for extension or enhancement of health services in this area. It is adequately served by two GP practices and the existing Kirkstall Health Centre, which is a few hundred yards from the proposed development. Separating provider services from the GP practice in the current Kirkstall Health Centre could be an argument against participation as the natural flow of patients across services within one building is lost. However, the

---

impact on the quality of care is deemed to be marginal.

4.10. Social Services: Relevant social services proposed in the JSC include:

4.10.1. Library

4.10.2. Job shop

4.10.3. Welfare rights unit

4.10.4 Interpreting

There may be some benefits to persons in being able to access both health and social services in one location.

4.11. However, as most NHS Services are pre-booked or are “by referral” services, there is unlikely to be any significant increase in patients accessing the NHS services as a result of dropping into the library, job shop, welfare rights and interpreting services. There could be some increased awareness of the existence of these services but any impact of that on health outcomes will be somewhat tenuous.

4.12 Synergies: There is the potential for shared reception and shared occupancy costs. Other than this, there are no easily identifiable synergies. The centre has no plans for offering joined up health and social services, e.g. LCC is not locating children’s services within the building which could combine with child health services.

4.13. The site chosen is on a steep slope. It is also located on a main road and there are issues with access and car parking. It will therefore be exceptionally expensive to develop.

## 5. **IMPLICATIONS AND RISKS (to include statutory regulations, financial impact and risk)**

5.1. Failure to engage in the project may create difficulties in realisation of the NHS Leeds strategic plan. Although Kirkstall is not highly deprived, it is a growth area with good transport links and low travel times from a wide catchment area. There may be a need for a large NHS facility in the area in future and an opportunity may be lost if we do not engage now. On the other hand, unless we have a clear view of exactly what our additional requirements are, we are in danger of overestimating the space required and ending up with poorly utilised LIFT buildings once again.

- 
- 5.2. Conversely, engaging in the centre in a limited capacity may make it more difficult to create a larger presence in the area in the future, although the likelihood for the need for any significant expansion is currently remote. A strategic presence would imply a centre with GP facilities and a range of provider services, plus possibly diagnostic and outpatient services (if in future there is a strategic need for such developments).
  - 5.3. Engagement in the JSC for immediate operational, rather than strategic, reasons will also contribute to the problems of poor estate utilisation and difficulties in future rationalisation of services.
  - 5.4. Although NHS Leeds has, in the past, wavered in its commitment to the development, there is considerable pressure from both council and local politicians to engage in the project as a demonstration of commitment to joint working and delivery of NHS services to the local population.
  - 5.5. This is particularly acute as the project has been under development for several years without a decision from NHS Leeds. Withdrawing could create considerable adverse publicity and sentiment. On the other hand when examining the nature of the services being brought together in the JSC, it could be argued that the PCT may wish to invest in joint working with the LCC in services which are more directly and relevantly health-related and which will have more tangible health benefits for the people of Leeds.
  - 5.6. The council has the offer of PFI credits towards the construction cost, which may well be permanently lost to the city of Leeds if NHS Leeds withdraws.
  - 5.7. There are potential alternative solutions to the relocation of CAMHS which would not require space in the JSC.
  - 5.8. Engagement in the JSC will add significant costs to PCT expenditure at a time when we are entering a period of financial challenge.

## **6. OPTIONS**

- 6.1. The Options for consideration are as follows:
  - 6.1.1. **Option 1:** Engage in the JSC in a full capacity, with space for a GP presence and a full range of services. At present, it must be noted that no suitable GP has expressed a willingness to locate in the JSC, but that the Gerraghty practice based at the existing Kirkstall Health Centre may be

---

amenable to moving. The Walker practice has already declined to move after having consulted with its patients.

- 6.1.2. **Option 2:** Engage in the JSC in a limited capacity, relocating services from the existing Kirkstall Health Centre in order to relocate CAMHS in that building. This would leave the GP practice in the existing PCT owned Health Centre and break the natural flow of patients across the services currently housed together in Kirkstall.
- 6.1.3. **Option 3:** Disengage from the JSC. Relocate CAMHS into the lower floor of the existing Kirkstall Health Centre, rearranging the office services currently based there across existing facilities, and retaining synergic health-related services in the facility.
- 6.1.4. **Option 4:** Disengage from the JSC. Relocate CAMHS into the Wortley Beck LIFT building, rearranging the services currently based there to accommodate the new arrangements. However, this would be subject to the ability of the PCT to rearrange services within the centre, which would include moves affecting the two GP practices in the building.
- 6.1.5. **Option 5:** Disengage from the JSC. Manage the existing service as is until an alternative solution can be found for CAMHS. This would be only a short term solution and represents the “do nothing” base case scenario.
- 6.2. The cost implications of the various options are shown in Annex 1. These show that options 3 and 4 result in a small saving to the PCT, whilst option 2 has an annual cost of £179k and option 1, £246k.
- 6.3. A non-financial appraisal has been conducted, applying weightings to various aspects of the proposals (Annex 2). This indicates that there is little to choose between options 1 to 4 in non-financial terms. Option 5 is clearly shown to deliver poor benefits.
- 6.4. The Cost Benefit Analysis in Annex 2 provides an evaluation of value for money of each options taking into account both financial (Net Present value costs over 25 years) and non-financial aspects (benefits scores) of each solution and ranks them in order of best (1) to worst (5) cost per benefit derived for each option.
- 6.5. Annex 3 provides a list of services proposed to move into the JSC in lieu of CAMHS.

---

## **7. RECOMMENDATIONS**

That the Board:

- (a) reviews the financial and non-financial analysis attached and in the context of this paper, decide whether or not to proceed with the JSC with LCC.
- (b) recommends the preferred option for the JSC(i.e. with or without a GP) if it decides to proceed with the JSC, or
- (c) agrees to the provision of facilities for CAMHS within existing PCT estate following the completion of the full estate review by the new Director of Estate, if it decides not to proceed with the JSC.

The Board is also referred to the chronology of key decision events in Annex D

**Cost Analysis of Options**

			<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>	<b>Option 5</b>
			Full JSC with GP and Provider Services	Provider Services in JSC only – no GP	<b>No JSC</b> CAMHS at Existing Kirkstall	<b>No JSC</b> CAMHS at Wortley Beck	Do Nothing
<b>Gross internal area (m2)</b>			671	485	NA	NA	NA
<b>Lease Plus Agreement</b>			<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>REVENUE EXPENDITURE</b>		£/sq mtr					
Soft facilities management	1	30.00	20	15	0	0	0
Pass through costs (Utilities & Rates)	2	36.89	25	18	0	0	0
LPA	3	325.00	218	157	0	0	0
Depreciation and capital charges			20	26	29	31	22
Cringlebar savings - estate			(23)	(23)	(23)	(23)	0
Cringlebar savings - capital charges			(15)	(15)	(15)	(15)	0
<b>Total revenue expenditure - recurrent</b>			<b>246</b>	<b>179</b>	<b>(9)</b>	<b>(6)</b>	<b>22</b>
Relocation costs			20	15	10	15	0
<b>CAPITAL EXPENDITURE</b>							
Outstanding building works - KHC	4		270	350	350	270	270
Woodsley Road modifications					30		
Maintenance - Cringlebar							18
Modifications - Wortley Beck/Bramley Annexe						150	
Sale of Cringlebar (OMV Apr 08)			(240)	(240)	(240)	(240)	
<b>Total capital impact</b>			<b>30</b>	<b>110</b>	<b>140</b>	<b>180</b>	<b>288</b>

**Notes:**

1. Soft facilities management: Calculated as m<sup>2</sup> x average LIFT costs
2. Pass through costs: Calculated as m<sup>2</sup> x average LIFT costs
3. LPA: Estimated current LPA cost per m<sup>2</sup>
4. Capital expenditure: estimated costs for refurbishment of existing Health Centre. Will increase if accommodates CAMHS (options 2 & 3)

**Option Appraisal**
**Non-financial benefits scores**

Benefits	Weighting	Option 1	Option 2	Option 3	Option 4	Option 5
<b>Strategic Fit</b>						
Addresses health inequalities by investing in a deprived area.	3	3	3	3	3	1
Contribute to strategic goal of developing polyclinics/multi service health centres	1	5	3	2	4	1
Partnership working with LCC	3	5	4	1	1	1
Percentage of district population to travel within 30 mins.	3	4	4	4	4	1
<b>Health outcomes</b>						
Improving health outcomes for patients	3	5	5	5	5	2
Improving the quality of care for patients	3	4	4	4	4	1
<b>Service Outcomes</b>						
Improve accessibility to the service for patients	3	4	3	4	4	1
Improved service integration	3	5	4	4	4	1
Improving staff communication and closer working	2	4	4	4	4	1
Opportunity to extend hours of service	2	4	4	4	4	2
<b>Estates Strategic Fit</b>						
Estates Rationalisation	2	1	1	4	4	1
Optimise utilisation of estate	3	2	2	4	4	2
<b>Environmental Considerations</b>						
Patient experience	3	4	4	4	4	1
Staff environment	2	5	4	4	5	1
Statutory compliance including fire safety, DDA and CO2	3	4	4	4	4	1
Achieve NHS Estate code Standard and BREEAM sustainability standards	3	3	3	3	3	1
<b>TOTAL WEIGHTED VALUE</b>		<b>167</b>	<b>149</b>	<b>154</b>	<b>158</b>	<b>50</b>

**Cost per Benefit Scores and Options Ranking**

	<b>Option 1</b> Full JSC with GP and Provider Services	<b>Option 2</b> Provider Services in JSC only – no GP	<b>Option 3</b> No JSC CAMHS at Existing Kirkstall	<b>Option 4</b> No JSC CAMHS at Wortley Beck	<b>Option 5</b> Do Nothing
<b>Value for Money Assessment</b>					
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>NPV (25 years)</b>	<b>4,012</b>	<b>2,806</b>	<b>-530</b>	<b>-572</b>	<b>288</b>
<b>Cost per Benefit (NPV ÷ Benefit score)</b>	<b>25</b>	<b>19</b>	<b>-3</b>	<b>-3</b>	<b>6</b>
	<b>Rank</b>	<b>Rank</b>	<b>Rank</b>	<b>Rank</b>	<b>Rank</b>
<b>VFM Ranking (1 = lowest cost per benefit)</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>3</b>

**List of Proposed Services to Replace CAMHS at JSC**

Cardiac Nurse

Dental

Dermatology

Dietician

Exercise Referrals

Headstart

Health Trainer

Lifestyle clinic

Mental Health

Midwives

Orthoptist

Paediatrics

Podiatry

School Nurse

Speech and Language

Stop Smoking Advice

Urology

Warfarin

**Chronology of KEY Decision Events for Kirkstall**

<p>March 2008</p>	<p>Detailed Feasibility Study on Kirkstall presented to EMT.</p> <p><i>“The report described the options for the need to provide GP and community health services in new or refurbished accommodation, and recommended that the JSC option offered the greatest benefit. It was reported that the overall affordability of the option had been checked and more work would be done at OBC stage. It was agreed that the funding of the scheme would be on the basis that it would be a first charge against growth monies, although the funding would be re-assessed when a tariff arrangement is introduced. A scoping paper was to be produced on the work that was to be undertaken during 2008/09.”</i></p>
<p>March 2008</p>	<p>Paper presented to Trust Board on tranche 3 Chapeltown and Harehills schemes for OBC stage 1 approval. The paper also alluded to the fact that the Kirkstall scheme had been disaggregated from tranche 3 and would progress as tranche 4 later in the year: <i>“A further Joint Service Centre in Kirkstall is also being progressed and should reach OBC stage within the next 12 months.”</i></p>
<p>February 2009</p>	<p>First Draft Kirkstall Outline Business Case (OBC) prepared for review across Finance and Estates.</p>
<p>April 2009</p>	<p>Board Workshop Day - Trust Board considered Final Business Case (FBC) report for tranche 3 and OBC report for Kirkstall.</p> <p>Significant issues around VFM raised for both.</p> <p>Board tasked Exec with</p> <ul style="list-style-type: none"> <li>a) resolving issues for tranche 3 VFM and other issues with SHA, CVL and Finance team</li> <li>b) reviewing need for Kirkstall given the large financial impact outlined in the OBC and the lack of detailed analysis to support this additional cost</li> </ul>
<p>June 2009</p>	<p>Issues on tranche 3 resolved jointly by SHA and PCT with help from CVL. Financial close on 9 June 2009 for Tranche 3.</p>
<p>July 2009</p>	<p>Closed Board session updated that the review of Kirkstall had concluded that:</p> <ul style="list-style-type: none"> <li>- no additional Primary Care Service developments needed in that area (therefore no need for a Joint Service Centre (JSC) development to expand Primary care services in Kirkstall)</li> <li>- There was a need for replacement premises which also allowed for better integration of CAMHS services on one site</li> </ul>

	<p>with a much reduced presence at Kirkstall JSC would achieve this requirement. Revenue costs reduced from circa £1.67 million per annum to circa £180k.</p> <p>Board agreed for PCT to proceed with options review with Leeds City Council (LCC) on the basis of a need for CAMHS</p>
September 2009	Closed Board session informed that LCC were looking at options with PCT around various service configurations for the JSC based on the footprint identified by the PCT for CAMHS – i.e. circa 500 m2 and £180k cost per annum
October 2009	Detailed options reviews jointly with LCC
November 2009	Report to and attendance at LCC Health Scrutiny committee
November 2009	Paper to Closed session of PCT Board for decision.