HAMBLETON, RICHMONDSHIRE AND WHITBY CLINICAL COMMISSIONING GROUP

Whitby Hospital Strategic Estate Options Appraisal
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1. Executive Summary

Hambleton, Richmondshire and Whitby Clinical Commissioning Group (CCG) commissioned Community Ventures to undertake a strategic estates feasibility review, options appraisal and recommendations for the future of Whitby Hospital, including commercial and financial implications.

Whitby Hospital can be seen on visual inspection to largely occupy space from where it delivers its services, which is uneconomical and inefficient. A strategic assessment of the space likely to be required for the new service models for both in-patients and outpatients demonstrates that approximately 60% of the existing facility will not be required in the future to meet the defined service needs.

The total book value of the site comprising the land and the buildings is £4.5m (as of 31st March 2014) with an annual revenue cost for 2013/14 of £1,954,856.

The CCGs 5 – year Strategic Commissioning Strategy sets out a direction of travel for health and social care in Whitby and surrounding area. In developing this strategy the CCG has involved many local stakeholders and sought the views of patients, clinicians, the third sector and the public through the CCG’s Fit for the Future Programme. The commissioning intentions of the CCG is to develop a facility within Whitby to promote health and wellbeing through the provision of integrated care in order to develop strong and sustainable local services for many years to come. These would comprise a health and wellbeing hub, community urgent care centre, in-patient and outpatient services. Stakeholder meetings through 2013/14 have brought a range of comments to inform the planning and development of this vision.

There is a viable level of activity to promote and sustain local services in Whitby, linked to more specialist and acute services at Middlesbrough and Scarborough, both of which are over 20 miles away, in order to ensure the local population receives care closer to home.

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In addition, other organisations have aspirations to work collaboratively and potentially co-locate services on the existing site which has the ability to bring even greater patient and system wide benefits.

Therefore a multifunctional facility in the heart of the town will provide a focus for a new service model for both health and social care.

In addition to the care delivery areas, the facility will offer office bases and touch down facilities for a range of care teams to support new agile and integrated working across a range of service providers, upgraded IT systems and new tele-health and telemedicine systems will support care pathways that will operate in a hub and spoke way, so that patients can receive more care locally and do not have to travel as often or so far. Remote advice and guidance from senior level consultants will be able to be delivered locally using new technologies and integrated care records.

Greater benefit will be achieved by integrated commissioning and co-locating health and social care services which would also deliver more rounded and seamless intermediate care for individuals and their carers, bridging the gap between home and specialist hospital care irrespective of the number of statutory, independent or third sector provider organisations involved.

Following informal discussions with the Local Planning Officers, land and property searches, a long list of options were identified and assessed that considered the availability of sites and suitable buildings in Whitby, including the current hospital site. This was then evaluated to achieve a short list for further consideration of quality and financial benefits.

The Preferred Shortlisted Option is to remodel and refurbish the 4 story block at the rear of the existing hospital site to provide 3,500m² for new healthcare facilities. Based on a construction cost for refurbishment and extension of circa £1,800 per m² (excluding VAT and Fees) this provides an estimated total capital cost is £6.3 million. This provides a revised estimated revenue cost of £848,296 per annum assuming for
the purpose of this report a 20% allowance for VAT on all costs, none of which is recoverable.

Adoption of this approach would result in a residual site area for sale of circa **0.77 ha** (1.9 acres) which could reasonably be expected to realise between £0.600m and £2.445m depending on the marketing and development strategy adopted.

The preferred estates option will deliver the commissioning intentions of the CCG and offers the opportunity for developing more integrated services with the local authority and other partners.

### 2. STRATEGIC CONTEXT

#### 2.1 The Brief

Hambleton, Richmondshire and Whitby CCG require specialist advice to provide a strategic estates feasibility review, options appraisal and recommendations for the future of Whitby Hospital, including commercial and financial implications. The final report is to include architects plans and drawings in a form which can be presented to the public and the CCG’s Council of Members and Governing Body who are not estates experts and will need to clearly show the costs associated with the options, implications, risks and preferred options for the site.

The options need to be measured against the CCG’s decision making criteria, this includes:

- accessibility
- quality of services
- workforce implications,
- clinical safety,
- strategic fit,
- public and patient support,
- clinical support,
- ease of implementation,
- flexibility for the future and timescales to deliver.
2.2 Background

The existing Whitby Hospital site is freehold and currently owned by York Teaching Hospitals NHS Foundation Trust. It is approximately 1.72ha (4.25 acres) and is developed with 10,800m² of buildings, built around 1979, with 128 car parking spaces and green space.

The site is in a conservation area and is within walking distance of Whitby town centre and the railway and bus stations, thereby giving easy access to public services. The redevelopment of the existing site is preferential to the general public in initial feedback received, although the response rate was low.

The CCG had concluded from previous studies, that the existing square footage of the facility are unlikely to have a future economic use for health purpose alone in terms of its current configuration.

The CCG has developed a Project Charter and a Vision for Future Community Services and are seeking to scope out estate options in support of their commissioning intentions for enhancing the community health and social care services in Whitby and its surrounding area.

This approach is being discussed with North Yorkshire County Council and the main healthcare providers to create a vibrant and sustainable future for local services. The new clinical model will be based on people being cared for in their own homes where possible. Care will be delivered in a more integrated way between primary care, secondary care, community services and the third sector with a newly configured community hospital bridging the gap between home and specialist hospital care through the delivery of both outpatient and inpatient services in Whitby.

The scope of the estates appraisal is to:

- Identify options for redevelopment of site, with, and without, local authority support and, of part, and all of the site, also include options for potential partners based on current health outcomes and market need locally and provide an overview of how these visions could be delivered.
• Review existing / alternative uses for the land.

• Consider service infrastructure options (centralised and integrated facilities to support integrated care and support for local people), shared staffing resources, considering flexibility of future beds, use of technologies for delivering care in the home or closer to home, diagnostic requirements, national horizon scanning, wellbeing agenda and development of a resource centre and use of agile working and flexible workspaces etc. This will include reviewing timelines and deliverables set out in the project charter.

• Assess whether any changes to the ownership of Whitby Hospital are required and make recommendations on the joint commissioning arrangements and implications for any future service plans. Provide advice on landlord arrangements and head lease options which may be preferential to the current arrangements in order to support joint commissioning with the local authority and to ensure capital funding for the redevelopment and make suggestions and advise on future tenancy agreements/market rates etc.

• Identify medium and long term use of the site and strategic objectives with health, local authority, voluntary and community partners for the provision of local services.

• Identify the financial implications (capital/revenue) relating to the options for the redevelopment of the site. Provide opportunities for rationalisation/integration co-location of facilities /properties with other partners.

• Advise on financial benefit from disposal of part of the site, rationale and integration/co-locations of services / facilities, etc.

• Provide an indicative programme for the delivery and next steps to securing the future of Whitby Hospital and redesign of community services for Whitby and the surrounding areas.

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• Prepare a formal set of recommendations for the stakeholders to consider and for CCG governing body/council of members to approve.

3. PROFILE OF CURRENT SERVICE AND ESTATE

3.1 Current Services at Whitby Hospital
The CCGs (Hambleton, Richmondshire and Whitby CCG and Scarborough and Rydale CCG) currently spend £5,323,471 on commissioning hospital services in Whitby and HRW CCG spends a further £1,529,394 on other community services for the area.

The majority of services delivered on the Whitby Hospital site are provided by York Hospitals NHS Foundation Trust (YHFT), the site owner and provider of community services in Scarborough, Whitby and Ryedale under the existing three year contract. This contract will be retendered in July and awarded in April 2015.

The services provided at the hospital include:
• Children’s Services including health visiting and school nursing
• Community Nursing
• Community Midwifery
• Continence Service
• Community Dental Service
• 35 bed Inpatient Service
• Minor Injuries Unit
• Outpatients (genito-urinary, medicine, orthopaedics)
• Physiotherapy and Occupational Therapy
• Psychological Therapy Team (IAPT service)
• Podiatry and Foot Health
• Radiology
• Speech and Language Therapy
• Sexual Health

In 2012/13 there were: 649 inpatient admissions, of these 325 were transfers from other hospitals or sites and 215 were GP admissions, the rest were admitted from A&E.
average bed occupancy was 91.5% but varied by month between 79% and 98%. The average length of stay was 18.4 days.

The hospital provided 8,389 outpatient attendances and 8,457 patients who were treated in the Minor Injuries Unit. In addition the out of hour’s service saw 3,238 patients.

Community services for Whitby and the surrounding areas delivers district nursing services through the virtual ward and a fast response team.

From a commissioning perspective the hospital does not provide an appropriate or value for money (VFM) environment to address the health needs of the local community or for proposed new models of care needed. The hospital in terms of functionality and condition is not fit for the future in that:

- 75% of the current facility is not occupied
- Privacy and dignity issues continue
- No suitable training rooms
- No dedicated treatment rooms for integration of Out of Hours and Minor Injury services
- In parts the building is beyond its life and needs replacement
- The current site layout does not allow for joint working between mental health, primary care and community services

3.2 Space utilisation

The services currently delivered from the Whitby Hospital can be seen on a visual inspection to largely occupy space in an uneconomical and inefficient manner. A simple comparison of the current accommodation, with an existing GIA of 10,860m², with that likely to be required for the new service models to be commissioned by the CCG of circa 3,500m², demonstrates that approximately 7,360m² of existing facility will not be required in the future to meet the defined service needs.
3.3 Financial
The current capital value and revenue costs for Whitby Hospital have been established.

The total book value of the site, as of 31st March 2014, is £4.5m comprising £850,000 for the land and £3.73m for the buildings.

The annual revenue cost for 2013/14 is £1,954,856: this includes a Corporate/Trust overhead of £297,067 applied to the hospital by the current majority service provider.

A more detailed breakdown of these costs is included in the comparison table in Section 7.4.2.

3.4 Existing site usage
The existing land use is for Healthcare (planning use class D1). Consultation with Local Planning Officers suggests that a change of use to residential use, given that the site sits within a conservation area and is surrounded by housing, would be supported.

It is unlikely the site can be redeveloped for retail (supermarket) use given the significant vehicular access constraints and as it sits on the edge of conservation/residential area location. Sainsbury’s has recently been given planning permission for an edge of town location, and the town population is unlikely to support a second supermarket of similar size.

The diagrams below show the existing Hospital site bounded in red, with the area in purple indicating the area of the site which supports circa 3000m² of facility (the closest match to the required area for the new services). In addition the floor plans of the existing hospital have been coloured to show existing use and show a building with services spread over 7 floors. The detailed drawings are included in Appendix B for reference.
Existing Site Block Plan
4. FUTURE COMMISSIONING MODELS

4.1 CCG Commissioning Intentions

The future service profile for community health and social care services for Whitby and the surrounding area must address the impact of demography, new technologies and innovation. These are key when considering the commissioning of more services closer to home in the context of Whitby’s geographical location and its links to more specialist acute services.

Whitby is over 20 miles away from acute hospital services via country roads, in particular those providing secondary care in Scarborough, York and Middlesbrough. There is a viable level of activity to promote and sustain local services in Whitby, based on an integrated care model across health and social care to ensure services are provided closer to home.

The CCGs Strategy and ‘Fit 4 the Future’ sets out a direction of travel for health and social care in Whitby and surrounding area and has been the subject of much stakeholder involvement from patients, clinicians, the third sector and the public. The CCG vision never loses sight of the unique relationship community hospitals have with their local populations and the commissioning intentions of the CCG seek to develop a facility within Whitby to promote health and wellbeing through the provision of integrated care, in order to develop sustainable local services for many years to come.

Stakeholder meetings through 2013/14 have brought a range of comments to inform the planning and raised the following key priorities:

- High quality care, patient safety and patient experience are all important considerations.
- Develop the hospital to better support sub-acute care, rehabilitation and palliative care patients.
- More care closer to home for the elderly, particularly to reduce travel times to acute hospitals.
- Keeping people in their own homes for as long as possible.
- More information and better care planning between those delivering care for patients and their carers.
- Better patient transport.
- Facilitating social interaction.
- More support for carers.
- Understanding that not all care can be or should be delivered in a community hospital and an acceptance that some will not return to Whitby, such as maternity.
- Consistent desire to develop a new facility locally, preferable in the same location.
- Shared services with other care givers will deliver far reaching benefits to care delivered.

The overwhelming message from the engagement period is that people place very significant value on community and hospital services locally, which work well together and support the local population. This was a running theme throughout the survey undertaken by the CCG, which has been analysed with the key findings being:

- When asked to score their priorities for healthcare in Whitby and the surrounding area (Q1), weighted scoring shows that providing a sustainable, integrated Minor Injuries Unit and Out of Hours services is most important, followed by redeveloping the Whitby Hospital site and local access to diagnostic services.

- When asked where is the best place for a new/redeveloped hospital in Whitby, half of people saying its current location, a quarter saying somewhere else and a quarter not sure where would be best.

- Access to GPs and local access to a range of services, are vitally important for local people.

- 69% (80) respondents believed access to healthcare would be made ‘much easier’ or ‘easier’ by the Fit 4 Future Vision. Only 6% (7) thought that access would be made harder or much harder.
56% of people said they would like to see a traditional hospital in Whitby. 21.5% prefer a 24/7 walk-in centre. A limited hours walk-in centre was not popular (1%).

When asked what preventative care should be provided locally, mental health and alcohol awareness services ranked as highest priority.

Most people have accessed their GP surgery in the past 12 months (92%). 30% had used Whitby Hospital minor injuries unit, 41% used outpatient services and 10% used inpatient services.

4.2 Integrated Commissioning

In addition to the commissioning intentions of the CCG, other organisations have expressed views regarding their plans. By developing better integration between health and social care, this will allow an increased number of partnerships to form with the local community which will provide a range of health related community activities in the daytime, evenings and at weekends. This is particularly important for addressing the increasing elderly population but also taking into account the large influx of seasonal visitors during the summer months.

North Yorkshire County Council’s commissioning intention is to provide more extra care housing to offer a wider range of options and enable local people to remain in the town. The needs expressed are for supported living options for all ages in particular extra care for older people including dementia, people with physical disabilities and people aged 16-30 years with learning difficulties to support them through ‘transition’.

An integrated commissioning approach could deliver better value for money at a time when public funding is stretched and further develop key national drivers including:

- Integration of health and social care and support the Better Care Fund
- Prioritising prevention and early intervention
- Providing more personalised care
- Extending access to primary care including a named GP for elderly and vulnerable people
- Support the long term housing needs of the community
- Enable shared back office functions

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Therefore a multifunctional facility in the heart of the town will provide a focus for a new service profile and in addition to the care delivery areas it will offer office bases and touch down facilities for a range of care teams to support new agile and integrated working across a range of service providers. Remote advice and guidance from senior level consultants will be able to be delivered locally using new technologies and integrated care records. IT, tele-health and telemedicine will support care pathways that operate in a hub and spoke way so that patients can receive more care locally and do not have to travel as often or so far.

4.3 Future Service Profile

The proposed scope of services fall broadly into three elements: health and wellbeing, an ambulatory care centre and inpatient care.

Health and Wellbeing Hub will be a range of services to promote health, prevent ill health and assist in supporting self-care and self-management of risk factors and long term conditions which improve health outcomes. The focus of health and wellbeing is to optimise people’s ability to maintaining their independence and maximise their quality of life. The services will include group activities, access to information including computer based health modules and a meeting area including a café. In addition, the CCG will pilot drop-in clinics where assess and treat programmes will support improved and open access to health and social care services for the most vulnerable patient groups.

Ambulatory care covers the majority of services the CCG propose to commission including integrated minor injuries and out of hours services, outpatients, radiology (x-ray) and ultrasound, pre-operative assessment, community dental, physiotherapy, occupational therapy, podiatry and orthotics, speech and language, children’s services, IAPT, sexual health, dermatology including phototherapy and optometry.

Inpatient care will offer flexible use for health and social care across the bed base as well as day case procedures. These beds will be used to support the care undertaken by the virtual ward community team including planned admissions for the proactive management of long term conditions as well as early discharge from acute care.

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part of this, a community urgent care model will be developed to provide 24/7 access to primary care.

Greater benefit will be achieved by integrated commissioning and co-locating health and social care services which would also deliver more rounded and seamless intermediate care for individuals and their carers, bridging the gap between home and specialist hospital care irrespective of the number of statutory, independent or 3rd sector service provider organisations involved.

4.4 Space requirement for the CCG Specified Services (SOA)

The following summary identifies the likely area that would be required by the health services outlined by the CCG in their Vision for Whitby Hospital. The Schedule of Accommodation is based upon the current NHS estates guidance for facilities related to the particular services (Health Technical Manual and Health Building Notes).

<table>
<thead>
<tr>
<th>Proposed Schedule of Accommodation</th>
</tr>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Net</td>
</tr>
<tr>
<td>Inpatient Ward</td>
</tr>
<tr>
<td>Health and Wellbeing Hub</td>
</tr>
<tr>
<td>Ambulatory Care Centre</td>
</tr>
</tbody>
</table>

**Total** 2340 3362

*Note: Shared entrance reception/waiting areas not calculated (Additional area to be saved)*

The detailed room and area schedules are included in Appendix A. This schedule will require development with Clinicians and Commissioners in the Strategic Outline Case (SOC) stage and to reflect this, a working area requirement of 3,500 m² has been used in the scheme analysis. This will allow for space planning in an existing building and operational requirements which are not established at this stage.
5 LONGLIST OF ESTATES OPTIONS

The option appraisal process identifies and compares a range of alternative courses of action. It is only by comparing the alternatives that the real merits of any particular course of action can be fully understood. In order to achieve this, a ‘long list’ of options containing all the initial ideas about possible solutions is developed. Advantages and disadvantages for each option were compiled to identify the shortlist.

Option 1: Do Nothing

Little or no changes to current footprint and functional allocation of functional space with maintainance to keep building operational.

Advantages
- Central location familiar to residents
- Close proximity to rail and bus links
- Minimal capital outlay
- No service disruption.

Disadvantages
- Not suitable for current use or future use
- Will not deliver CCG changes in service models
- Cannot accommodate joint commissioning models
- Backlog maintenance liability
- Inefficient use of available space
- Limited suitable alternative use potential for empty areas.
- Operating costs for overprovided space
Option 2: Remodel and refurbish buildings on current site

Full remodelling and refurbishment on the current site using appropriate elements of the current building stock.

Advantages
- Within ownership of the NHS
- Reuses an existing asset
- Close proximity to rail and bus links
- Central location familiar to residents population
- Existing planning permission for health use
- Sound building structure already profiled to the incline of the site.
- Building can be refurbished to meet required standards
- Potentially requires less area of land (releasing some for redevelopment)
- Services can be decanted on site to enable building work
- Resale value of surplus land
- Facilitates integration with other service providers
- Reduced revenue costs for commissioned services contributing to QIPP.

Disadvantages
- May have layout inefficiencies and functional compromises
- Would require services to be decanted/re-provided during construction
- Will need a long term ‘master plan’ for the site
- Some stakeholders want the hospital to be re-located.
Options 3: New build on current hospital site

New build development on the existing hospital would only be viable if the existing buildings could not be economically reconfigured and refurbished to meet the new requirement. It is considered that the existing buildings, in part, can be economically and efficiently refurbished to suit the new requirements.

Advantages
- Site within ownership of the NHS
- Reuses an existing land asset
- Close proximity to rail and bus links
- Central location familiar to residents
- Facilitates integration with other service providers
- Existing planning permission for health use
- Resale value of surplus land.

Disadvantages
- Requires demolition of existing buildings
- Rebuilding could be limited to 2-3 stories by planning constraints
- Timescale to deliver option
- Would require services to be decanted/re-provided during construction
- Restrictions on decanting may constrain new design
- Requires 1 hectare of land and remodelling of access arrangements
- Smaller area of surplus land available for sale
- Capital and resulting revenue consequences is likely to be higher than other options
- Will not contribute to QIPP savings as it will increase the revenue cost to the CCG.
Option 4: Remodel and refurbish an existing building elsewhere in Whitby

An option to refurbish and remodel another suitable building and the disposal of the current hospital site is totally dependent on there being somewhere available within the locality. The nature of the topography and suitable properties in Whitby limits what might be available for health use and additionally would be constrained by planning considerations. Relocation to an alternative site will require significant and protracted planning consultation before any development can commence.

Appendix D shows the range of properties and sites considered through the property and land search. Although alternative properties were explored, none were deemed to be suitable at this time.

Advantages

- Realise full value of surplus site once other facilities are commissioned

Disadvantages

- Time and cost associated with purchase.
- No suitable alternative site found following land search and discussions with planners.
- Existing buildings unlikely to meet requirements of ward accommodation and be suitable for conversion.
- Difficult to facilitate integration.
Option 5: New build on alternative site

This option would be a new build on a site elsewhere in Whitby and disposal of the current hospital site. New build on another site (greenfield or brown field), would be more costly and will be difficult to demonstrate value for money. Relocation to an alternative site will require significant and protracted planning consultation before any development can commence. In addition, consultation with planners did not identify any available sites which would be suitable, accessible, developable and deliverable within the locality.

The typical cost of a new build hospital will be circa £2,600 per m² (excluding VAT, fees and land purchase) giving an estimated capital cost of £9.1m.

Appendix D shows the range of properties and sites considered through the property and land search. Although alternative sites were explored, none were deemed to be suitable at this time.

Advantages
- Able to design facility from a blank canvas
- Realise full value of surplus site once other facilities are commissioned.

Disadvantages
- No suitable alternative site found following land search and discussions with planners.
- Planning likely to have construction restrictions e.g number of floors
- Timescale to deliver option
- Requires 1ha of land with good road access and all services available
- Planning issues around building a hospital adjacent to existing housing.
- Likely to be more costly
- Time and cost associated with purchase of land
- Timescale to develop and begin operation (36 months)
- Revenue costs likely to be higher than other options
- Will not contribute to QIPP savings as it will increase the revenue cost to the CCG.
6. ASSESSMENT OF LONGLISTED OPTIONS

An option of do nothing/minimum should always be short-listed and appraised even where it is not considered to be a realistic option. Its function is to provide a benchmark so that the value of the alternative 'do something' options may be judged by reference to current service provision. This is therefore taken forward to the next stage of evaluation.

The other option for the shortlist is Option 2 - to Remodel and Refurbish the existing buildings on the current hospital site. This is based on analysis of the availability, deliverability and cost considerations in the advantages and disadvantages.

The following table summarises all the long listed options considered and the reason for their exclusion from the shortlist where applicable based on assessment of the information in Section 5.

<table>
<thead>
<tr>
<th>Option</th>
<th>Reason</th>
<th>Taken Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>No 1. Do nothing</td>
<td>N/A</td>
<td>Yes</td>
</tr>
<tr>
<td>No 2. Remodel and refurbish buildings on current site</td>
<td>N/A</td>
<td>Yes</td>
</tr>
<tr>
<td>No 3. New build on current hospital site</td>
<td>The cost (vfm), planning constraints and deliverability do not stack up when there are suitable buildings already available on the site which can be utilised.</td>
<td>No</td>
</tr>
<tr>
<td>No 4. Remodel and refurbish an existing building elsewhere in Whitby that is suitable for conversion</td>
<td>Following a detailed property search no suitable buildings of the size required and suitability for conversion have been identified at this time.</td>
<td>No</td>
</tr>
<tr>
<td>No 5. New build on alternate site in Whitby</td>
<td>Following discussions with LA planners and a detailed land search no suitable sites of the size and nature required are currently or expected to become available in Whitby at this time.</td>
<td>No</td>
</tr>
</tbody>
</table>
7. SHORTLISTED OPTIONS

The shortlisted options were compared against a range of financial and non-financial benefits, including the CCG Decision Making Criteria and Scoring Matrix.

The Do Nothing/minimum option is assessed against the other shortlisted options for comparative purposes. However it is not suitable. Current space is underutilised by approximately 60% compared to the requirements of the new service models with limited potential for empty areas, backlog maintenance and inefficient level of operating costs. It does not meet the CCGs current requirements or the needs of the future service models.

Options to develop on the current site take into account constraints on any future development use of the Hospital site. These are the setting on the edge of the town centre conservation area, the residential nature of neighbouring properties, poor access roads and access to public transport. These would all be reasons to support residential use as an alternative use in the future.

The existing land use is for Healthcare (planning use class D1) and any redevelopment retaining a health care use will be supported by planners. There is also strong local support for maintaining clinical services on the existing site.

Consultation with Local Planning Officers confirms support for a continuing health presence on the site as well as support for the principle of a mixed use of Extra Care development and/or general housing for sale. There is also support in principle for the redevelopment of part of the existing hospital for housing, and the refurbishment and remodelling of the existing building is recognised as a viable approach to improving the local amenity (any wholesale new build redevelopment of the site would see the planners seeking a reduction in scale in keeping with the local character of Whitby centre, and associated reduction in potential asset value).

The planners were supportive of the concept of planning principles being adopted for the redevelopment of the whole site, to be submitted as part of a detailed planning application for the implementation of any reduced health care presence.

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Within Option 2 - to Remodel and Refurbish the existing buildings on the current hospital site, a number of possible development scenarios have been considered based on utilising existing buildings. The various options considered are included in Appendix E for reference. Two sub options best deliver the CCG brief. The most plausible and deliverable approach needs to:

- **Match the clinical services** required for the future, with the facility which best suits it
- **Offer opportunities for co-location of services** with the Local Authority (through an Extra Care development)
- **Generate income** through the sale of the remaining part of the Hospital for redevelopment both for extra care and also for general housing (which is on part of the site which is difficult to redevelop and also has the best frontage and highest potential housing value).

### 7.1 Remodel and Refurbish health element using the block at the front of the current site

This first sub option sees the lower rise building to the front of the site developed to house the new service profile, including access to car parking, releasing the rear part of the site for development.
7.2 Remodel and Refurbish the health element using the 4 floor block on the rear of the current site.

The second sub option sees the 4 floor building to the rear of the site developed and extended to house the new service profile, including access to car parking, releasing the front part of the site for development. Due to the height and position of the building, the current vista across the town and towards the Abbey and sea is retained.
Outline Plan Utilising Rear Part of the Site
7.3 Quality Benefits Appraisal

The shortlisted options were considered in line with the CCG decision making assessment criteria and scoring matrix. The result of this assessment is shown in the table below:

<table>
<thead>
<tr>
<th>CCG Criteria</th>
<th>Benefit</th>
<th>Option for Do Nothing (Score 1-10)</th>
<th>Option 2 for Back block (Score 1-10)</th>
<th>Option 2 for Front block (Score 1-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient safety</td>
<td>Maintains or improves patients safety (i.e. minimises harm)</td>
<td>3</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Affordability</td>
<td>Affordable within the context of the overall budget</td>
<td>4</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Clinical effectiveness</td>
<td>Achieves the desired clinical outcomes</td>
<td>2</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Patient experience</td>
<td>Maintains or improves patient experience</td>
<td>2</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Meets the current and future demands (including effect on workforce, feasibility and adaptability)</td>
<td>1</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Access</td>
<td>Closer to home where clinically appropriate</td>
<td>3</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>Provides value for money</td>
<td>3</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>18</strong></td>
<td><strong>59</strong></td>
<td><strong>46</strong></td>
</tr>
<tr>
<td><strong>Ranking</strong></td>
<td></td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

7.4 Financial Appraisal

The financial appraisal considers the potential to develop capital receipts and a comparison of current revenue costs against potential future costs based on Option 2. The estimated capital cost to undertake the remodelling and refurbishment as outlined in Option 2 is £6.3m (based on an upgrade cost of £1,800 per m², excluding VAT and Fees).

7.4.1 Possible land values generated from the sale of land

The property valuation, development and marketing report for the Whitby Hospital site is in Appendix C. It details the various potential alternative uses for the residual area of the site assuming retention of a part for future health care need. The potential residual site area for sale is circa **0.77ha** (1.9 acres).
If this area was sold for residential redevelopment, and assuming it is a cleared site, the likely value is between £600,000 and £1,000,000, from which has to be deducted the cost of demolition of the existing facilities and remediation of the site.

However, the planners are supportive of the principle of a redevelopment of the existing building and that could realise a site value of between circa £1,08m and £1,845m, dependant on the volume of redevelopment and extension approved by Planners.

Additionally, a further area of site could be made available for residential redevelopment with this approach, realising an additional £280-£600k.

The buildings and land at the front of the site could reasonably be expected to realise between £0.600m and £2.445m depending on the marketing and redevelopment strategy adopted by the Landlord, and the vibrancy of the local economy.
### 7.4.2 Estimated Revenue Comparisons

<table>
<thead>
<tr>
<th>Whitby Hospital Financial Information (March 2014)</th>
<th>Do Nothing/Existing</th>
<th>Option Proposed</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value - land (at 31.03.14)</td>
<td>10,860</td>
<td>3,500</td>
<td>1</td>
</tr>
<tr>
<td>Book value - building (at 31.03.14)</td>
<td>3,729,600</td>
<td>1,230,768</td>
<td>2</td>
</tr>
<tr>
<td>Capital Charge - depreciation on land &amp; buildings</td>
<td>184,500</td>
<td>17</td>
<td>3</td>
</tr>
<tr>
<td>Lease costs</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>PDC Dividend</td>
<td>157,000</td>
<td>140</td>
<td>0</td>
</tr>
<tr>
<td>Rates</td>
<td>53,617</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Utility costs - Gas, Electric, Water etc</td>
<td>210,891</td>
<td>19</td>
<td>5</td>
</tr>
<tr>
<td>Hard FM &amp; Soft FM costs for example</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Laundry &amp; linen</td>
<td>44,025</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>• Domestic services</td>
<td>320,325</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>• Waste services</td>
<td>10,013</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>• Post delivery/collection &amp; postage</td>
<td>10,189</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>• Pest control</td>
<td>2,232</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>• Portering</td>
<td>142,649</td>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td>• Catering</td>
<td>279,137</td>
<td>26</td>
<td>60</td>
</tr>
<tr>
<td>• Window cleaning</td>
<td>3,492</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>• Grounds &amp; gardens</td>
<td>9,270</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>• Maintenance</td>
<td>173,123</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>• Estate management</td>
<td>57,326</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Corporate/Trust overhead Includes IT, HR, Finance &amp; procurement, Risk &amp; legal, Corporate nursing, Infection control, Learning &amp; development, Senior &amp; operational management etc</td>
<td>297,067</td>
<td>27</td>
<td>8</td>
</tr>
<tr>
<td><strong>Annual charge:</strong></td>
<td><strong>1,954,856</strong></td>
<td><strong>922,133</strong></td>
<td><strong>1,032,723 Potential saving</strong></td>
</tr>
<tr>
<td><strong>Total saving assuming all VAT not recovered</strong></td>
<td><strong>848,296</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Assumptions in the modelling

**Notes:**

1. 50% retained
2. 33% retained
3. capital charges & depreciation on retained land & buildings
4. assume capital charges & depreciation on £6.352m less £1.25m sales receipt
5. reduced further due to inclusion of efficient new plant
6. assume 25% efficiency saving
7. Reduced further due to refurbishment
8. NHS PS 5% charge

The estate revenue saving to the NHS of implementing Option 2 is estimated at £848,296 per annum, assuming for the purpose of this report a 20% allowance for VAT on all costs, none of which is recoverable.
7.5 Preferred Option

The preferred option is to refurbish and remodel the 4 floor block at the rear of the site based on the assessment of financial and non-financial information set out in 7.3 and 7.4.

The site plan in illustration below shows how these requirements can be realised in a manner which delivers a facility that meets the clinical requirement, and supports integration of services. It illustrates in more detail how the available space can be optimised for the required CCG services which can be accommodated over 4 floors in an extended building at the rear of the site, offering ready access to parking and good circulation around the site for traffic. The remaining area (0.77 ha) highlighted in blue shows the surplus land on the site, which could be developed for alternative housing or community use and offer the greatest financial return for the NHS.

Outline Block and Floor Plan
8.1 Transforming Community Services (TCS) tender
The CCG is currently considering the future commissioning of their community services which will include those covering Whitby and its surrounding areas.

The outcome of this tender process will trigger a change of estate ownership which could include Whitby Hospital as York Hospitals NHS Foundation Trust will no longer occupy more than 50% of the clinical space. Legal advice was sought by the CCG in November 2013 and was advised that the retendering of the hospital and community services would necessitate the transfer of the asset to the Secretary of State who is likely to instruct the property agents, NHS Property Services, unless strong alternative proposals are presented and approved.

8.2 Site Ownership
The hospital is currently vested with the York Teaching Hospital NHS Foundation Trust as the provider occupying the largest area of the facility. This is in line with the guidance on Transforming Community Services where commissioners could no longer retain hospital and other property assets. All assets were moved to either provider trusts and/or NHS Property Services.

The future owner of Whitby Hospital will need to make available the capital sums identified in the report to realise the redevelopment and provide a new community hospital. Should the community services contract move to an alternative provider, it is likely that NHS Property Services will be required to take ownership and become the landlord and will need to support the CCGs in delivering the commissioning intentions and in making available a fit for purpose facility for service delivery.

If this situation transpires, then close working will be required between the CCG, NHS England Property Appraisals Unit, NHS Property Services and the new providers to secure the capital required. The partners will be required to collaborate and develop both an outline business case (OBC) and a full business case (FBC) as set out in the NHS Business Case Approvals process for Capital Investment, Property, Equipment.
and ICT. The relevant documentation can be found at www.england.nhs.uk/wp-content/uploads/2013/08/bus-case-cap-invest-property-ict.pdf

8.3 Realisation of any Capital Receipt
The capital receipt arising from any sale of the residual part of the site would only crystallise after the redevelopment of the site to create the smaller Hospital development.

The capital receipt arising from disposal of surplus land could be used to reduce capital borrowing which would have an impact on revenue costs.

8.4 Planning approach for health and wider redevelopment of site
Assessment of the space requirements for the specified health needs demonstrates that there will be surplus capacity within the current site boundary for wider redevelopment. The nature of any development would be constrained by local planning and therefore it would not be suitable for retail uses.

Redeveloping the existing hospital site would deliver medium and long term uses for the site in line with the strategic integrated commissioning objectives of health and the local authority. It is also in line with the stated aspirations of voluntary and community partners developed through extensive CCG stakeholder discussions for the provision of local services.

As the model of integrated commissioning evolves it will offer a cohesive approach to delivering care closer to home. Maximising the existing use for health purposes or additionally the development of low density housing would offer the most appropriate use of the site and could support a vision for a health and social care campus.

It would provide the opportunity for rationalisation and integration with co-location of properties and facilities with other partners.
Site Plan Showing Hospital with Commercial Site Redevelopment
9. REALISING AN INTEGRATED SERVICE VISION

The preferred option focuses on delivering health services for the locality in a remodelled hospital that ensures a fit for purpose facility which delivers the best value for money solution for the NHS. This is achieved through appropriate service planning and commissioning which will reduce revenue expenditure, minimising capital investment and maximising capital receipt from surplus land and property.

The preferred option recognises that the Local Authority (NYCC) have a strategic need within the locality to develop a range of community based services (extra care, independent living for people with physical and/or learning disabilities). The preferred option shows this as co-located with a site identified which could be owned and developed independently of the NHS task of remodelling health services and the hospital.

In initial discussions with NYCC it would seem that there is commitment to develop the site in Partnership which could provide an integrated health and social care “campus”. This vision is illustrated below.
Site Plan Showing Hospital Integrated with NYCC Services
At this stage, these are merely illustrations as how the site might be utilised to achieve this vision. If the strategy to develop the site as a single project was pursued then there would be a set of complex variables that would need to be considered, which would typically include:

- Timescales for this type of project will differ from the preferred option
- Project management arrangements and procurement will be more complex and will need careful consideration and jointly resourcing
- Agreements will need to be made in terms of capital receipt for land used by the NYCC
- Funding arrangements will need to be clear and will be more complex.
- Planning and public consultation.

Developing the hospital site in this way will need a different approach to appraising value for money rather than it being based on the commissioning and delivery of health services from the NHS, it will need a whole system approach considering the wider public sector services spend for the locality.

There are operational benefits that might be developed with the developers of adjoining developments. For example, an Extra Care development adjacent, could share a range of services with the hospital: catering, portering, laundry, security, night time nursing support. Co-location also offers the opportunity for users to access the site, as if it were a campus, moving between a range of different services and amenities, generating sustainable level of utilisation which would otherwise mean the service/amenity could not be provided.

This approach would be consistent with the national policy and would demonstrate the localities commitment to partnership working to improve service quality.
10. CONCLUSIONS

From the approach and work undertaken in the report, Community Ventures have identified the following key conclusions that are intended to help provide confirmation of the feasibility of the vision and outline a way forward in terms of development of the vision.

- The space in the current hospital is currently underutilised by approximately 75% and does not deliver value for money in terms of revenue costs.
- The existing estate is not functionally suitable for the service models being planned and commissioned for now or in the future.
- A new build on the existing site would have limitations, incur higher costs and have a number of planning constraints.
- A new build on an alternative site would incur higher costs and significantly higher levels of risk.
- Any new build on the existing site or an alternative greenfield or brownfield site in Whitby are not considered to be deliverable in terms of cost and availability of suitable sites based on current searches.
- Consultation with Local Planning Officers confirms support for a continuing health presence on the site as well as support for the principle of a mixed use of Extra Care development and general housing for sale.
- There are feasible options to create a remodelled community hospital on the existing site.
- The overwhelming message from the engagement period is that people place very significant value on local services and would like to see the new hospital developed on the existing site.
- Remodelling and refurbishing buildings on the existing site offers the best value for money option going forward to deliver CCG commissioning intentions and the opportunity for integrated services within a timescale and programme that the CCG/NHS can dictate and influence.
- Progressing the Preferred Option would generate revenue saving to the NHS and would require less capital investment than alternative options.
The preferred option offers an immediate solution to LA partners for their strategic service plans assuming appropriate project and commercial arrangements can be agreed.

Alternatively should the partnership be unable to agree a joined up development plan, the NHS should continue to pursue a stand-alone remodelled community hospital, maximising the opportunities from the surplus land.

11. RECOMMENDATIONS AND DELIVERY OF NEXT STEPS

The following are the reports’ recommendations and next steps:

- Consider the contents and the approach taken to meet the client brief and agree the recommended direction of travel to remodel Whitby Hospital based the preferred option identified.
- Consider carefully strategic communications support for effective community consultation and engagement and the development of a strategy.
- Adopt the preferred option as a template for discussions with partner organisations (NYCC) to investigate mutually beneficial opportunities for improving the integration and quality of services.
- Set up early engagement and discussions with NHS England, NHS PS as key partners whose support and expertise will be crucial in taking the project forward.
- Set up a joint commissioning/development project board with NYCC under an Memorandum of Understanding (MOU) with agreed principles and timescales.
- Identify the capability and capacity to undertake the project ensuring appropriate resources and skills are available to deliver the next stages.
- The principal task of the joint project board will be to develop an interagency plan/business case for the site that realises the vision for a health social care and wellbeing campus.
- Alternatively should the partnership be unable to agree a joined up development plan the NHS should continue to pursue a stand-alone remodelled community hospital maximising the opportunities from the surplus land.
Appendix A – Proposed Schedule of Accommodation & Concept Diagram SK01
Appendix B – Existing Plans
Appendix D – Property Site Search
Appendix E – Design Option