

# NHS Ayrshire & Arran



<b>Meeting:</b>	<b>Ayrshire and Arran NHS Board</b>
<b>Meeting date:</b>	<b>Monday 28 March 2022</b>
<b>Title:</b>	<b>Acquisition of New Property for Medical Student Accommodation</b>
<b>Responsible Director:</b>	<b>Nicola Graham – Director of Infrastructure &amp; Support Services</b>
<b>Report Author:</b>	<b>Fraser Bell – Assistant Director (Programmes)</b>

## 1. Purpose

This is presented to the Board for:

- Decision

This paper relates to:

- Annual Operational Plan

This aligns to the following NHSScotland quality ambition(s):

- Effective
- Person Centred

## 2. Report summary

### 2.1 Situation

In January 2022 the NHS Board approved the purchase of two properties at the Scholars Development in Kilmarnock for accommodation for medical students, part funded by NHS Education for Scotland (NES) through additional Cost of Teaching (ACT) funding with the balance from the Capital Investment Plan Financial Year 2021-2022.

Additional NES ACT funding has been made available that can be utilised for the purchase of an additional, adjacent property.

Board Members are asked to approve the purchase of a third, adjacent property at the development approved in January with the capital costs being funded by NES ACT. The use of the property would be the same as the previously approved properties.

### 2.2 Background

In January 2022, the NHS Board approved the purchase of two properties at a total cost for the project being £566k, inclusive of purchase, fees, furniture and floor

finishes. This was to be funded by £275k via NES ACT, with the balance of £291k funded from the Capital Investment Plan FY2022-2023.

The approved plots were three storey town houses, at plots 56 and 57 and the acquisition of these properties is being concluded with access being provided by the end of March 2022. These will provide 8 bedspaces in total plus social spaces.

NES confirmed in March 2022 that they would be willing to provide additional funding of £291k that the Board could utilise to purchase a third adjacent property. This would provide an additional 4 bed spaces, taking the total at the location to 12 bed spaces.

## **2.3 Assessment**

The proposed NES ACT funding of £291k would be sufficient to fund the purchase and fitting out of an additional property. This is proposed to be plot 55 which is adjacent to the two other properties being acquired and the property would be identical to the others in terms of accommodation provided.

Dr Hugh Neill, Director of Medical Education (DME) has confirmed that the additional property would be welcome and would allow the use of other poorer standard accommodation to be reduced / provide additional capacity.

The purchase of an additional property here would be consistent with the long term strategy to vacate Lister Street and this property would retain a residual value in terms of local property prices that would not be evident through investment at Lister Street.

DME has confirmed that ACT funding would be available for the annual operational costs (housekeeping, maintenance and utilities), which are expected to be pro-rata of the two other properties at £22.5k per year.

It is expected that legally binding missives can be concluded by the end of March 2022 with access to the property following completion of the unit by the developer shortly thereafter.

### **2.3.1 Quality/patient care**

The indirect positive impact is to make NHS Ayrshire & Arran are more attractive proposition for undergraduate students and increase the potential health board of choice for graduates, to develop a higher quality workforce, better placed to provide improved quality of patient care (and services).

### **2.3.2 Workforce**

The proposal is expected to have a positive impact upon workforce both in the immediate short term (by providing new additional, accommodation for 4 further medical students) and in the longer term by developing and encouraging opportunities for graduates select NHS Ayrshire and Arran as their choice for future employment.

There is expected to be modest additional workforce requirements for the management and servicing of the accommodation including; housekeeping, grounds and estates maintenance. The costs for this additional workforce has been included within the estimated operational costs provided in this paper.

The quality of the accommodation proposed is expected to provide a positive impact upon the undergraduate students who normally have a 5 to 6 week placement. The

layout of the properties is considered to support a “community” ethos as the properties are adjacent and the ground floor of each of the properties provide a single, shared open planned living, dining and kitchen facility to encourage interaction.

It is noted that the premises are off site and separate from existing student accommodation at Lister Street and will require a short commute (5 to 10 minutes by car or 10 minutes by bus) to University Hospital Crosshouse. The Director of Medical Education has noted that appropriate measures will have to be implemented to provide appropriate support to students placed there including funding bus passes for the students. Arrangements will be implemented to ensure appropriate conduct is maintained to minimise any negative impact to residential neighbours.

### **2.3.3 Financial**

The proposed NES ACT funding of £291k would be sufficient to fund the purchase and fitting out of an additional property.

It is highlighted that negotiations with the developer had secured a 5% discount on the properties which provided a saving of **£13k** against the “list prices” of the premises. This discount has been included within the reported capital costs.

Revenue costs for the operation and maintenance of the premises are anticipated to be **£22.5k** per annum and are to be funded from annual ACT funding as agreed with the DME.

### **2.3.4 Risk assessment/management**

The capital costs have very low risk as the purchase price for the properties is fixed.

It is proposed that legally binding missives being concluded during March 2022.

The quality of the accommodation will be inspected by construction professionals within the Board to ensure that defects are rectified timeously and prior to the use by medical students.

The premises will operate as a House of Multiple Occupancy (HMO) and will require approval by the local authority. Advice from East Ayrshire Council has indicated that an application can only be made once the properties are in the applicant’s ownership. The risk of failure to grant a licence is considered very low due to the quality and age of the accommodation, the nature of the applicant and the nature of the occupants. It is noted that an annual licence application and approval is required and the premises will have to be appropriately managed to ensure it operates as a “good neighbour” to minimise any risk of objections. The tenancy agreements for the occupants will be reviewed meet the specific needs of this site.

The purchase of off-site accommodation in preference of Lister Street provides the Board with a residual value that otherwise would not exist. Should the future shape of the estate through the Caring for Ayrshire strategy make these premises surplus, it is expected that they could be disposed of at market value achieving close to full recovery of the initial investment.

The acquisition of the premises shall be completed in accordance with the Board’s Standing Financial Instructions and Scottish Government’s Property Transaction Handbook. This will include legal work by the Central Legal Office and use of external independent property advisors as necessary.

### **2.3.5 Equality and diversity, including health inequalities**

An impact assessment was completed for the previous adjacent properties approved in January 2022. This extends the same criteria.

### **2.3.6 Other impacts**

- Best value

The recommended option provides best value in terms of capital costs and also provides a long term property residual value that would not be achieved through redevelopment of space at Lister Street.

- Compliance with Corporate Objectives

The recommended option avoids poor value investment at University Hospital Crosshouse and avoids impacting upon the long term estate strategy for the site.

- Local outcomes improvement plans, community planning etc

The recommended option supports the Community Wealth Building Strategy by investing in infrastructure within the local community.

### **2.3.7 Communication, involvement, engagement and consultation**

Engagement and consultation has been limited to internal stakeholder groups due to the nature of the proposal and negligible direct external impact.

### **2.3.8 Route to the meeting**

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- Infrastructure Programme Board Advisory Group, Virtual approval
- Infrastructure Programme Board, Virtual approval
- Corporate Management Team, 22 March 2022

## **2.4 Recommendation**

**For Decision.** Members are asked to approve:

1. That the provision of additional Medical Student Accommodation should continue to be supported as approved by CMT in February 2021.
2. The purchase of a third property, plots 55 at The Scholars, Kilmarnock, by the Board, in the name of Scottish Ministers, be concluded with funding provided by NES ACT.

## **3. List of appendices**

The following appendices are included with this report:

- Appendix No 1, Acquisition Property Site Plan, Elevation and Floor Plans

# Appendix No 1, Acquisition Property Site Plan, Elevation and Floor Plans

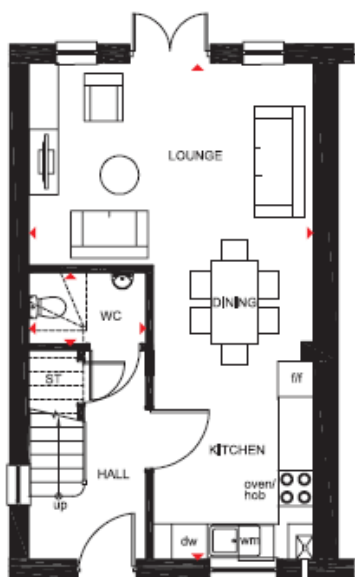
## Site Development Plan



## Property Elevation



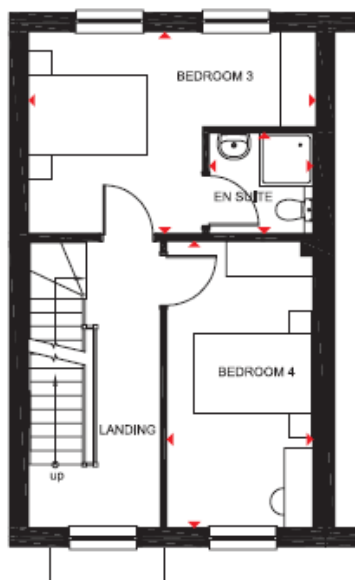
# Property Floor Plans



## Ground Floor

Lounge/ Kitchen/Dining	8367 x 4807mm	27'5" x 15'8"
WC	1980 x 1207mm	6'5" x 4'0"

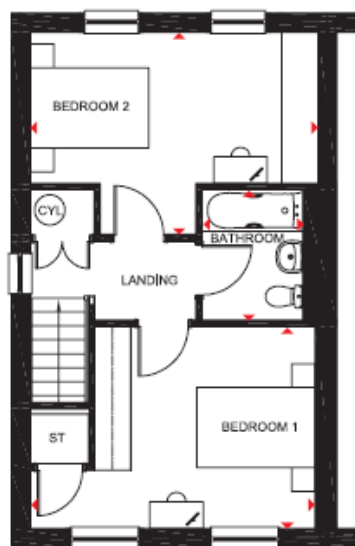
[Approximate dimensions]



## First Floor

Bedroom 3	4857 x 3408mm	16'0" x 11'2"
En suite	1757 x 1700mm	5'8" x 5'6"
Bedroom 4	4836 x 2471mm	15'9" x 8'1"

[Approximate dimensions]



## Second Floor

Bedroom 1	4807 x 3404mm	15'8" x 11'2"
Bedroom 2	4857 x 3408mm	16'0" x 11'2"
Bathroom	2200 x 1700mm	7'2" x 5'6"

[Approximate dimensions]