

Meeting:	NHS Grampian Board
Meeting date:	2 June 2022
Item Number:	8
Title:	Leancoil Hospital Community Asset Transfer request (CAT)
Responsible Executive/Non-Executive:	Adam Coldwells, Director of Strategy/Deputy Chief Executive
Report Author:	Gerry Donald, Head of Property and Asset Development

1 Purpose

This is presented to the Board for:

- Assurance

This report relates to:

- Government policy/directive
- Legal requirement

This aligns to the following NHS Scotland quality ambition(s):

- Person Centred

2 Report summary

2.1 Situation

This is the first Community Asset Transfer (CAT) received by NHS Grampian Board. The former Leancoil Hospital opened in April of 1892. The construction of the hospital was largely funded by philanthropist Donald Alexander Smith, 1st Baron Strathcona and Mount Royal. Much of the other funding came from local subscriptions. There is therefore a real feeling of connectedness by the local population, but there is no legal ownership debate despite that being contested by many of the local community as the hospital transferred to NHS ownership as a consequence of the National Health Service (Scotland) Act 1947 in 1948 and then to The Scottish Ministers.

Forres had an ageing health centre that was too small and a hospital that had significant backlog maintenance that did not lend itself to modern healthcare requirements. Health and Social Care Moray entered into significant engagement with the citizens of Forres and the Forres Community Council, the outcome of which was to

build a new health centre. The new health centre opened in September 2014 and the doors of the former Leancoil Hospital formally closed in November 2018.

Extensive dialogue has continued with the Forres Community Council (FCC) since 2018 and in compliance with the Act, Leancoil Trust (LT) was formerly registered by OSCR May 2021, and then formally submitted its request for the ownership of the former Leancoil Hospital on the 16th December 2021.

NHS Grampian Board now have six months within which to formally respond to the CAT. The Act requires the Board to assess the request transparently and to agree to the request unless there are reasonable grounds for refusal. Should the decision be to approve the CAT any conditions should be confirmed. Should the decision be to refuse the CAT the reasons for its refusal should be clearly documented.

2.2 Background

A CAT is required to conform with the Community Empowerment (Scotland) Act 2015, and the Act requires relevant authorities (with NHS Scotland Boards being a relevant authority) to assess requests transparently against a specified list of criteria, and to agree to the request unless there are reasonable grounds for refusal. The Boards decision is final unless there is a need for an appeal in which case it is referred to the Scottish Ministers.

Whilst this is the first CAT received by NHS Grampian, so far within NHS Scotland there have been nine purchases (4 completed; 3 aborted; and 2 appealed and refused) and one lease completed. All of which are for values far less than that offered for Leancoil.

The former Leancoil Hospital grounds extend to 3.864 hectares (c9.5 acres), and include a largely listed grade B hospital with significant backlog maintenance, a gate lodge, wooded policies and car parking.

Significant legal representations have been made by members of the Forres and district public regarding the ownership of Leancoil and a desire for it to remain in public ownership. Discussions continued primarily at this stage with NHS Grampian taking the lead over the future of the former hospital with FCC, and more recently with the formally constituted LT. Discussions have been positive and encouraged by the Board in anticipation of arriving at this point.

In accordance with the NHS Scotland Property Transactions Handbook the DV has now valued the site at £340K. The DV states in his report "All things considered, I am content that the proposed transfer value under the CAT, of £340,000, represents value for money for the Board and therefore accords with the requirements of the NHS Scotland Property Transactions Handbook. LT are prepared to pay the £340k.

Property values vary and there was a previous valuation at £420k, but the current value is £340k.

LT wish to take ownership of the whole site from NHS Grampian and turn it into a wellbeing centre with Erskine being the anchor tenant and the main party that will pay LT rental to operate the Campus. Effectively LT will sell the remaining land to Robertson Construction who in turn will sell the completed housing to Hanover Housing to provide low cost affordable rented/purchased property for ex-military veterans and others. The sale proceeds along with grant monies providing the investment required to upgrade the former hospital building.

2.3 Assessment

As part of NHS Grampian approved process a small short life working group (SLWG) was established incorporating Health and Social Care Moray, Corporate Communications and Property and Asset Development. Further review was carried out by Central Legal Office and the District Valuers Office.

LT have engaged in significant pre-application discussions with NHSG throughout the process to date. LT have assembled a strong Trustee team of influential and skilled members of the community. LT have engaged well with the Forres and district communities on their plans and desire to retain the site for community use by developing a strong link to armed forces veterans supported by Erskine (a nationally recognised veteran's charity) amongst other key operators on the site.

The application is supported by professional reports from architects, building surveyors and Highlands and Islands Enterprise who appointed social value specialists to assess the community benefits.

In terms of viability, there are a number of key partners showing intent to commit to the plans, whilst there are a number of grant funding applications which are currently in the process of being applied for or will be applied for pending formal agreement of the CAT. Some of these commitments and applications cannot be determined without agreement on the CAT.

Revenue is to be generated from users of the site such as charities, community groups etc. and requires to be finalised. Health and Social Care Moray will not be committing to a lease, at least at this stage. SAS will remain on site through a lease.

This is an ambitious but positive project. LT have a degree of risk in delivering the revenue that will to be generated to make the CAT sustainable, but they have shown an appetite and desire and are supported by the community and the now +70 LT members. LT have however demonstrated this is in their planning to secure 200 members.

The application has been further reviewed by Central Legal Office and the District Valuer.

The SLWG was tasked to review the application against a number of criteria. A summary of the main headings and the score is found in the scoring summary below:

CAT Scoring Team	Iain MacDonald, Moray Health and Social Care Partnership. Gareth Evans and Lauren Cowling, Property and Asset Development,- Susie Wilson & Louise Ballantyne, Corporate Communications -
Section	Score
Need and End Use	87%
Benefits	87.5%
Viability	80%
Management of NHS Grampian Estate	80%
Business Case and Financial Plan	80%
Financial Discount	100%
Average score	85.75%

The SLWG felt the application was strong, well-presented and developed to a high quality. The scoring by the SLWG for all sections was quite critical and robust but yet all scored in the top quartile, averaging 85.75%.

The submission by LT for the Leancoil Community Asset Transfer request complies with NHS Grampian's assessment process as previously agreed by AMG, compliant with government legislation and the NHS Scotland Property Transaction Handbook. The application by LT is deemed fully compliant by the SLWG.

After review, it is considered by the SLWG taking account of the strong local support for a community use for the former hospital, the overall community benefits derived from a health and wellbeing centre, the support for ex-military personnel, the DV supported sale price of £340k and compliance with the NHS Scotland Property Transactions Handbook that the submission of the CAT by LT will be beneficial to the communities that it serves and should therefore be supported by the NHS Grampian Board.

In accordance with the agreed CAT process, LT's CAT has been placed on the NHS Grampian website and public participation has been sought. At the time of writing there has been 11 representations made all of which are very supportive of the CAT. This includes representations from a MSP and two councillors.

2.3.1 Quality/ Patient Care

Please note that the NHS will not be providing any services contained within the LT health and wellbeing proposal.

That said, the vision and model of operation as outlined by the LT will significantly add to the range of services available to the Forres and broader Moray patient population. As well as the focused work with veterans the LT as a third sector provider aim to introduce additional prevention and self-care services, support rehabilitation, and home first initiatives.

2.3.2 Workforce

Nil with regard to Health and Social Care Moray.

The LT aims to employ/contract with a number of personnel with a different skills base to that currently available locally which will result in additional skills and experience being brought into the Forres and broader Moray community.

2.3.3 Financial

Nil from Health and Social Care Moray.

NHS Grampian will receive £340k from LT in exchange for the Leancoil site and its assumed that this will financially settle mid 2023. This value has been signed off by the DV as evidencing best value and compliance with the NHS Scotland Property Transactions Handbook.

That said, if the transfer does not go ahead for whatever reasons it is difficult to see a willing buyer stepping forward to purchase the hospital site considering the hospitals backlog maintenance.

2.3.4 Risk Assessment/Management

There remains a risk with any CAT that the capital funding required may not fully materialise (or that construction costs have been underestimated giving the current pressures on materials and or workforce) and that before the asset transfers there is a risk that the Trust will have to withdraw. That said LT have a contingency plan to scale back their planned works to accord with available finances.

Likewise with revenue generation there remains a risk that LT will be unable to generate insufficient revenues to maintain and deliver the vision of LT.

However LT are well structured, have extensive multi-disciplinary professional experience, well informed, well regarded locally, and deserve a chance to deliver something quite innovative for the local community they serve. In doing so they retain the former hospital in community ownership – something the community has called for from the beginning of their being a likelihood the hospital would close as a hospital.

The LT will have an opportunity to sit on the Health and Social Care Moray Forres Locality Oversight Group and be a key third sector partner in overseeing the development and monitoring of the Forres Locality Plan.

2.3.5 Equality and Diversity, including health inequalities

Nil impact on the NHS directly, other than the services being considered by LT being complimentary to that of NHS services.

2.3.6 Other impacts

Nil on the NHS directly, however LT and their planned development will create employment and voluntary opportunities to support the local economy. Indeed creating such a facility in Forres may indeed attract people to live in the area.

2.3.7 Communication, involvement, engagement and consultation

The Board's officers have met with the then Chair and office bearer of FCC on a quarterly basis or as required since early 2018. The then Chair of the FCC then became Chair of LT where that dialogue continued almost on a bi-monthly basis whereby the Board offered advice and guidance regarding community engagement, how to shape their CAT and aspects that would require refinement in order to comply with the Act.

The Health and Social Care Moray Locality Manager has met with the LT regularly from 2020 onwards and has supported facilitated discussions between LT and health and social care providers.

2.3.8 Route to the Meeting

This has been previously discussed at the meetings of the Asset Management Group (AMG) on the following dates:

19th December 2018 - 7.3 Leancoil Hospital

21st March 2019 - 4.2 Property Transactions

27th November 2019 - 4.2 Property Transactions

26th February 2020 - 6. Property Transactions

29th July 2020 - 4.2 Property Transactions

26th January 2022 - 6. Community Asset Transfer Request

It will be further reported to the AMG at its meeting on the 27th April, where the LT submission will be considered for approval by the AMG.

The Board was provided with background information on the proposed transfer at its seminar on 5 May 2022.

2.4 Recommendation

The Board is asked to:

- **Assurance** –review and scrutinise the information provided in this paper and confirm that it provides assurance that:
 - the intent of Part 5 of the Community Empowerment (Scotland) Act 2015 has been followed; and
 - NHS Grampian internal assessment process has been followed, and that appropriate evidence of the internal process has been provided to the Board.

- **Decision** –agree that the Board should approve the LT submission of the CAT at a value of £340k, and that officers be instructed to work with LT to conclude the CAT as soon as is reasonably possible and with the inclusion of the likely conditions as follows: subject to LT being prepared to enter into a Clawback Agreement and or conditions of sale that do not permit LT to sell any aspect of the Leancoil policies on to another party that is not in keeping with the creation of a Wellbeing Centre and or that sells part of the site for mainstream housing; and subject to the Scottish Ambulance Service (SAS) being permitted to remain on the hospital site on terms and conditions that represent fair value to both LT and SAS.
- **Endorsement** – The NHS Grampian Board are requested to endorse the proposals contained in this paper.

3 List of appendices

The following appendices are included with this report:

- Appendix 1 – Summary of Part 5 of the Community Empowerment (Scotland) Act 2015
- Appendix 2 – Alan Gray letter confirming sale value.
- Appendix 3 – LT’s marketing Vision for the former Leancoil Hospital site.