

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Tuesday 26 March 2024
Title:	Purchase of additional medical student accommodation (Plots 763,764 & 765 Fardalehill, Kilmarnock)
Responsible Director:	Nicola Graham, Director of Infrastructure & Support Services
Report Author:	Greg MacKenzie, Property Transaction Manager, Property Services, Strategy and Partnerships Jac Maconochie, Assistant Property Services Manager

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):

- Safe
- Effective

2. Report summary

2.1 Situation

NHS Ayrshire & Arran is proposing to purchase additional residential properties at Fardalehill in Kilmarnock, to support the Board to meet Scottish Government aims to increase undergraduate medical student in the next two years.

Board Members are asked to approve the purchase of the properties at the Fardalehill development with the capital costs being funded by NHS Education for Scotland (NES) Additional Cost of Teaching (ACT) funding.

2.2 Background

The Fardalehill houses will boost the provision of student accommodation within close proximity to the University Hospital Crosshouse (UHC). In doing so, not only will this provide good quality accommodation but also provide more flexibility for the provision of accommodation within the existing estate where residential accommodation is required to support other initiatives.

2.3 Assessment

In order to deliver the purchase in accordance with the NHS Scotland Property Transactions Handbook (PTHB), there needs to be a statement of need, which sets out a systematic review of the service and operational needs. This implemented by way of the Infrastructure Programme Board (IPB) Capital Investment Prioritisation process.

House Options

There are two new housing developments being built in Kilmarnock, which are suitable; Laird's Gait – David Wilson Homes and Fardalehill – Bellway Homes.

Development	House Type	Bedrooms	Completion	Price
Lairds Gait	Duart Semi-Detached	3	November 2023	£264,995
Fardalehill	The Hanbury – Mid Terrace	3	November 2023	£187,995
Fardalehill	The Hanbury – End Terrace	3	November 2023	£190,995

The Laird's Gait development is far from the town centre, bus routes and UHC, so is not an optimal location to support the needs of the students and colleagues who would be staying there. David Wilson Homes are the 'premium' brand of Barratt, who offer a higher specification and finishes in construction materials and domestic appliances.

The Fardalehill development is close to UHC, so would be a 10 minute walk to work for the students or staff. This proximity is good for active travel and carbon footprint.

By buying a new home, it gives a capital asset should the recruitment programmes end in the future. The purchase would need to conclude a missive prior to 31st March 2024, with settlement as soon as possible to meet the Management Accounting guidance for the purchase of capital assets.

In discussions with Bellway Homes, the Board have been able to obtain reductions per plot as follows.

Development	House Type	Headline Price	Reduction	Net Price
Fardalehill	The Hanbury – Mid Terrace	£187,995	£9,399	£178,595.25
Total				£535,785.75

The remaining balance from the £630,000 total will be used to for the final fit out and purchase of furniture.

2.3.1 Quality/patient care

The acquisition of the additional property will enhance the student experience, support recruitment and improve care provision.

2.3.2 Workforce

The purchase of the properties will provide a home for students that is attractive, of high quality and safe.

2.3.3 Financial

To purchase the property at Fardalehill will require operational support in terms of housekeeping, maintenance and utilities, which will incur some additional operational costs due to the off-site location and travel time for staff, domestic rates and factoring cost. As a new build, it is anticipated to be more energy efficient with lower energy bills.

The Board has secured “Additional Cost of Teaching” (ACT) funding for the project, provided by NHS Education for Scotland. This will cover the cost of purchase of and the cost of the finishes and furnishings.

The annual operational costs will be funded from ACT funding.

By creating the additional capacity for Medical Students at Fardalehill this in turn will provide additional flexibility across the remaining residential estate in order to support the wider recruitment programmes.

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 be concluded during March 2024.

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 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

A full equalities impact assessment was completed as part of this work where no adverse impacts were identified.

2.3.6 Other impacts

- N/A

2.3.7 Communication, involvement, engagement and consultation

- N/A

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 – 15th November 2023
- Infrastructure Programme Board – 7th February 2024
- Corporate Management Team – 8th March 2024

2.4 Recommendation

For decision. Board Members are asked to:

- Approve the purchase of three additional properties at Plots 763,764 & 765 Fardalehill, Kilmarnock, by the Board, in the name of Scottish Ministers, be concluded with funding provided by NES ACT.