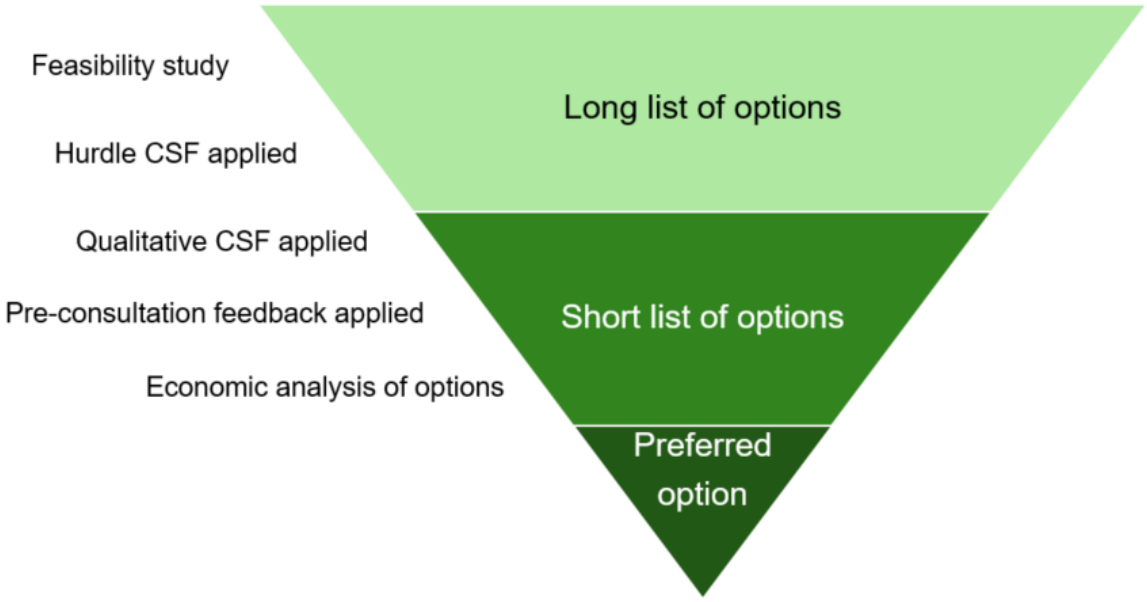
Options development, analysis and evaluation process

This section sets out the range of options identified to address the objectives set out in the Case for Change and documents the appraisal process used to evaluate these.

The local health organisations have developed a four-stage process (Figure [8.1]) for the identification of a preferred option from a long list of options. This includes:

1. An initial feasibility study;
2. The development and application of a set of 'hurdle' Critical Success Factors (CSF) to create a short list of options;
3. The development and application of a more detailed set of qualitative CSFs to appraise short-listed options; and
4. A value for money assessment of the short-listed options.

The outcome of this process is to enable the local health organisations, through the St



Pancras Hospital Redevelopment Oversight Group, to determine preferred options for each area that will be subject to full public consultation.

Figure [8.1]: Overview of option evaluation process

1.1 Option development

In advance of developing options for the St Pancras site, a process was run by the local health organisations, incorporating service user input, to decide the appropriate setting for its services; see a summary in Appendix [10]. This work concluded:

- Set 1: Certain services, as set out in Appendix [10], should be provided in community hubs off site (including on existing Trust owned sites at Greenland Road and Lowther Road);
- Set 2: Other services, again as set out in Appendix [10], should be provided on the St Pancras site to maintain a presence in the area and to enable the Institute of Mental Health; and
- Set 3: Inpatient services should be re-provided on or off site.

Therefore, all options to be developed, bar the 'do minimum' benchmark option, will include the Set 1 services being provided off the St Pancras site and all options include the Set 2 services being provided on the St Pancras site. The key variable between options is therefore the location of the re-provision of inpatient services (Set 3).

1.2 Appraisal 1: Feasibility Study

As lead comissioner, 98% of services provided at the SPH are comissioned by Islington CCG, for the population of the London Boroughs of Camden and Islington, where the majority of patients come from. Therrefore, the focus of the sites search was primarily within the Camden and Islington boroughs to ensure continuity of provision, access for service users and building on the support gained to date from the two councils for this propoal. This is consistent with the pre-consultation engagement feedback receied as set out in Section [7] which detailed concerns around time travel to a new location.

To allow the Trust to support its current cohort of service users effectively, sites were only considered if they were within the boroughs of Camden or Islington, unless there was an exceptional reason for their inclusion. For example, St Ann's Hospital was included at Strategic Outline Case (SOC) stage as it was identified that the Trust who owns that site (Barnet Enfield and Haringey Mental Health Trust) had land available next to their existing mental health facilities which are located approximately two miles away from the Islington boundary.

The following types of site were considered:

- Surplus council owned land in Camden or Islington;
- Sites owned by other government bodies which are being decommissioned;
- Sites owned by neighbouring NHS providers; and
- Privately owned sites.

Following identification of the long list of options, these were then screened for viability and site availability. This process was led by the Project Director and Transformation Programme Director in dialogue with local stakeholders and real estate consultants, GL Hearn. This assessment was presented to the Boards of the local health organisations for consideration and approval as summarised in Appendix [11].

The Boards reviewed the proposed screening of the long list and validated the options to be taken forward to the next stage of evaluation via the CSF process. A detailed description of the options considered can be seen in Appendix [12].

1.3 Appraisal 2: Hurdle CSF

The purpose of Hurdle Critical Success Factors (CSFs) is to eliminate options that are not able to satisfy any one of the three hurdles, using a binary pass/fail process. As such the hurdle objectives are critical success factors that must be delivered for the project to

succeed. These were developed with service users and carers, and were enhanced following pre-consultation engagement feedback around the need to minimise disruption for any inpatients. Figure [8.2] sets these CSFs out in more detail.

Figure [8.2]: Hurdle Critical Success Factors (CSFs)

#	CSF	Key points
1	CQC requirements	The option provides a safe environment for service users and staff. Facilities must as a minimum meet all CQC requirements, and ideally exceed them.
2	Minimise service user disruption	The option does not require inpatient facilities to be moved more than once and minimises disruption to services users. This is critical due to the nature of the services delivered.
3	Research and development	The option supports and facilitates the creation and successful operation of a research and development institute closely integrated with a top research university.

The four options were then assessed against the three hurdle CSFs as shown below.

Figure [8.3]: Results of Hurdle CSF evaluation

#	Option Name	**Hurdle CSF 1** CQC requirements	**Hurdle CSF 2** Minimise service user disruption	**Hurdle CSF 3** Research and development	**Progression to qualitative CSFs**
A1	Do minimum with inpatients	×	×	×	For comparison only
A2	Re-provide inpatients at SPH	✓	×	✓	For Net Present Cost (NPC) comparison only
A3	Re-provide inpatients at Whittington	✓	✓	✓	Yes
A4	Re-provide inpatients at St Ann's Hospital	✓	✓	✓	Yes

As shown above, the following decisions were made about which options to take forward to the qualitative CSF appraisal:

- Option A1, (Do minimum with inpatients) is not a viable option on the basis that it failed to meet any of the hurdle criteria. However as this provides the baseline comparison it was progressed to the shortlist for evaluation purposes only as a benchmark for the other options in line with NHS capital business case requirements.
- Option A2, (Re-provide inpatients at SPH), failed to meet the hurdles as it will cause significant disruption to service users during construction, particularly the large amount of heavy traffic movements and demolition that would be required. There is also concern

that privacy and dignity could be compromised on St Pancras for inpatient services, as there are approved development plans around St Pancras are for tall residential blocks (up to 12 storeys) with balconies overlooking the site, and therefore over any inpatient facilities gardens or outdoor areas. In addition, the reduction in value of the St Pancras site under this option was found to make it the least affordable and to provide the worst value for money. This option will be considered in the quantitative analysis of net present costs for comparison purposes only in line with an approach agreed with NHS Improvement (NHSI).

- Option A3, (Re-provide inpatients at Whittington), was progressed based on meeting all of the hurdle criteria.
- Option A4, (Re-provide inpatients at St Ann's Hospital), was progressed based on meeting all of the hurdle criteria.

1.4 Appraisal 3: Qualitative CSF

A total of nine further qualitative CSFs were jointly identified and agreed between the local health organisations, service users and carers. These criteria were judged to be important to the provision of mental health services but would not cause the project to be unachievable in their own right.

Figure [8.4]: Qualitative Critical Success Factors (CSFs)

#	CSF	Key points
4	**Quality of** service user **care**	The option enables the Trust to deliver the highest possible standards of care quality to service users.
5	**Aligned** to service user need and supportive of the clinical strategy	The option enables alignment of clinical service location to the needs of the population it serves. The option supports the Trust and the wider STP objectives for early intervention in community settings.
6	**Destigmatise** mental health	The option enables services to be provided in a setting which destigmatises mental health services, creating an attractive welcoming environment for service users.
7	Promotes **equality**	The option provides facilities which are accessible to all users and helps to promote equality for service users, staff and wider stakeholders.
8	**Integrated care**	The option enables integration of mental health service provision with other healthcare provision.
9	Located with **in-borough** or close to Camden and Islington	The option provides new facilities which are based in either the London Borough of Camden or the London Borough of Islington, or if this is not possible, as close as possible to the Boroughs.
10	Support **staff wellbeing**	The option supports staff health and wellbeing, including the on-site provision of staff wellness services (e.g. fitness classes, changing rooms and staff faith rooms).
11	Consistent with the NCL **STP**	The option aligns with the plans set out in the STP and facilitates delivery of the STP. It supports and enables wider plans for other Trusts in NCL including proposed relocation of Moorfields

12	Consistent with plans for **local** community and place **development**	The option aligns with local authority and community plans for place and area development, including the provision of housing for local people, employment opportunities and environmental benefits

The agreed list of CSFs was evaluated by the local health organisations to establish the appropriate weighting. It concluded that all CSFs should carry equal weighting as there were no 'mutually exclusive' or 'conflicting' factors. The CSFs which were regarded as constituting an absolute requirement were additionally designated as 'hurdles'.

1.4.1 Application of the Qualitative CSF

The key themes from the quality assessment scoring workshops can be seen in Appendix [13]. The scores across the workshops were averaged to establish a total overall ranking. The detailed option scores arrived at during each workshop is also set out in Appendix [14].

The qualitative options evaluation was carried out by scoring each of the four options against the CSFs, including the hurdles. The option scoring was carried out by the following three groups, for which further information on the members is included in Appendix [15].

- The Clinical Reference Group;
- The Trust Board; and
- The Trust Governors.

On each occasion the committees carrying out the scoring were briefed on the options under consideration and provided with a summary of the options. The scoring was carried out in small groups and the options were scored between 0 and 4, with 4 being the highest score. This was done for the three Hurdle CSFs and the nine other CSFs (12 in total). The scores were then averaged across the different groups to give an average score out of 48.

1.4.2 Pre-consultation feedback

As laid out in Section [7], the local health organisations completed a range of pre-consultation engagement with key stakeholder groups, such as service user and carer representative groups and Healthwatch teams since March 2017 and will continue to do so throughout the pre-consultation phase. The findings of these preliminary consultations will be used to further shape options, as a good indicator of user and public acceptability of options.

Of the three key themes identified during the consultation activities was a particular concern over the accessibility of the St Ann's site and also the potential loss of identity by moving alongside another mental health Trust. The integrity of the service's identity can be an emotive and important factor for service users and staff. Consequently, when measuring the St Ann's site against the Whittington site, the Whittington site was preferred as a direct result of pre-consultation engagement activities.

1.4.3 Summary qualitative evaluation of options

Overall, option A3 (rebuild at the Whittington) has the highest average score, and therefore highest rank, leading it to being selected as the preferred option from a quality perspective. The key drivers of this are:

- Whittington is more accessible and geographically better located for service users, their families and staff;
- Whittington will deliver significant benefits to service users through delivering a better clinical environment and a more relaxed suburban community with green space;
- Whittington has good transport connections;
- The Whittington site is located close to the existing HMHC which provides opportunity for a stronger staff community and joint training;
- The Whittington is an inpatient community hospital, with acute services and an A&E. This means that service users will benefits from comprehensive holistic care on one site;
- Whittington is in the borough of Islington, with other current in-patient beds located at HMHC in the borough of Camden, and is therefore supported by both the local authorities and the STP; and
- The Whittington site enables the construction of the Institute of Mental Health on the SPH site and maintains close links with the Community Hubs.

1.5 Appraisal 4: Value for Money evaluation of options

1.5.1 CCG impact

The financial appraisal was undertaken by the Financial Modelling Work stream that is led by the Chief Financial Officer of the North Central London CCGs, (Section [6.1]). The impact was found to not be significant as the commissioning arrangement between the CCGs and the Trust is not one that is directly impacted by any changes in activity (such as Payment by Results arrangements) and instead is based on an agreed settlement for providing mental health services in the region ('block' payments). There is no change expected therefore in the financial forecast of either of the CCGs as a result of these proposals.

1.5.2 Trust Impact

1.5.2.1 Economic assessment of options

The quantitative evaluation of the options was carried out by KPMG and a specialist long term financial model consultant ('Assista'). They worked with the finance team from the Trust to verify the current financial status of the Trust, as the starting point for the model.

The Trust's finance department worked with Assista to understand what the income and cost of providing services would be going forward, without any changes to the delivery model. This analysis was based on information in the STP and the Trust's understanding of future funding and likely demand for the Trust's services as described below.

They worked together to understand the implications of each options, including the do minimum option. This included an evaluation of the risk that a forecast benefit was only partially delivered or not delivered at all.

1.5.2.2 Outcome of quantitative assessment of options

For the quantitative assessment, the project costs (capital, revenue and lifecycle), benefits and risks were calculated for the Trust cash flows under the different options in accordance with relevant guidance by independent technical consultants (Turner and Townsend (T&T)).

1.5.2.3 Net present cost (NPC) assumptions

The Department of Health and Social Care Template Generic Economic Model ("GEM") was used to generate the Net Present Cost ("NPC") and Equivalent Annual Value ("EAV").

1.5.2.4 Capital Costs

The Trust and its technical consultants have developed a schedule of accommodation and functional requirements based on the scope agreed with the board to deliver the vision and consistent with the analysis of the bed requirement in Section [5.1.9] of the model of care. This has supported the development of initial designs for the four options being considered in this phase. The capital costs of all options have been developed by T&T and are summarised in the figure below.

Option A1 (Do Minimum) has been based upon the latest estimate of backlog maintenance which is attached at Appendix [16]; therefore, no specific additional capital has been considered.

Reconciliation of costs from LTFM to GEM £000s	Option A1 Do minimum	Option A2 Reprovide IP at SPH	Option A3 Reprovide at Whittington	Option A4 Reprovide at St Anns
Total incremental capital cost per LTFM	**-**	**124,345**	**135,845**	**117,693**
Less: transitional fees capitalised	-	(4,852)	(4,852)	(4,852)
Less: land acquisitions	-	-	(14,460)	(4,000)
Less: decant costs	-	(589)	-	-
Nominal capital investment (nominal)	**-**	**118,904**	**116,533**	**108,841**
Discount nominal to real (17/18 prices)	-	(10,036)	(8,501)	(7,923)
Less: Planning contingency (real)	-	(7,371)	(7,555)	(7,123)
Less: VAT (real)	-	(18,145)	(18,005)	(16,820)
Real capital investments (less contingency and VAT)	**-**	**83,353**	**82,472**	**76,975**
Discount real to NPC	-	(9,580)	(8,228)	(7,664)
Capital investment NPC per GEM	**-**	**73,773**	**74,243**	**69,311**

Figure [8.7]: Capital costs for each option

1.5.2.5 Operating costs and lifecycle

An LTFM has been produced for each option that covers the period from 2017/18 to 2025/26. This was used as the basis of the operating cost assumptions for that period. Beyond that period, it was assumed that costs were flat in real terms.

1.5.2.6 Quantifiable benefits

The Trust has sought to quantify the public benefits that the proposed development will deliver to the local and wider community as well as NHS. To do this, members of the project team reviewed the benefits identified to set out those benefits that were able to be quantified. The Trust worked through the list of potential benefits with input from clinicians delivering the services.

Once benefits were identified as quantifiable, they were considered either as a reduction in cost or an increase in income. Where benefits were reducing costs, full consideration was given to the cost at present and to the impact that the change would have on that cost. Where an additional income stream was identified this was valued based on past experience and current benchmarks. Once the benefit was identified the period when it is most likely to have an impact was agreed an applied to the model, there were then discounted where appropriate in the model.

Appendix [17] summarises the benefits identified, the value of those benefits and the key assumptions associated with those benefits.

1.5.2.7 Net Present Cost summary

The figure below sets out the outputs of the assumptions given above for the four options. As described above, Option A1 and Option A2 are only provided for comparative purposes as both have failed the Trust's Hurdle CSFs.

Figure [8.9]: NPC calculations of the options

Net Present Cost (NPC) £000s	Option A1 Do minimum	Option A2 Reprovide IP at SPH	Option A3 Reprovide at Whittington	Option A4 Reprovide at St Anns
Property and opportunity cost	71,770	36,781	34,963	25,827
Initial capital investment	-	73,773	74,243	69,311
Other capex	-	-	-	-
Lifecycle and business as usual capex	59,413	59,413	59,413	59,413
Total capex	**131,183**	**169,967**	**168,619**	**154,551**
Fees	-	4,349	4,349	4,349
Total transitional costs	**-**	**4,349**	**4,349**	**4,349**
Operating costs	3,078,767	2,978,245	2,958,380	2,973,361
Working capital adjustments	(6,875)	(7,616)	(7,635)	(7,635)
Total opex	**3,071,893**	**2,970,630**	**2,950,746**	**2,965,727**
Externalities	-	-	-	-
Total NPC (unadjusted)	**3,203,076**	**3,144,946**	**3,123,715**	**3,124,627**
Total Risk Adjustment	73,370	90,625	92,407	93,219
Trust total (risk adjusted)	**3,276,446**	**3,235,572**	**3,216,121**	**3,217,846**
Rank	**4**	**3**	**1**	**2**

As shown above, Option A3 (rebuild at Whittington) has the lowest net present cost, slightly ahead of Option A4 (rebuild at St Ann's) and therefore is ranked as the preferred option from a NPC perspective. Whilst the initial capital investment is slightly higher for this option the operational savings delivered through co-location with both mental health and acute facilities at the Whittington has driven this outcome (see benefits above).

1.6 Combined appraisal

The quality ranking has been averaged with the quantitative NPC ranking in the figure below. This resulted in option A3 (build a new inpatient facility at Whittington) being identified as the preferred option.

Figure [8.10]: Combined rankings of the Options

Preferred option analysis	Option A1 Do minimum	Option A3 Reprovide at Whittington	Option A4 Reprovide at St Anns
Quantifiable appraisal			
Total risk adjusted NPC (£m)	3,276.4	3,216.1	3,217.8
Total risk adjusted EAC (£m)	121.0	118.8	118.8
Qualitative benefits (weighted scores)			
Weighted benefits score	18	42	28
Quality points per EAC	0.149	0.354	0.236
Quantifiable appraisal	3	1	2
Qualitative appraisal	3	1	2
Points per EAC	3	1	2
Preferred option	**3**	**1**	**2**

The option to build a new inpatient hospital facility on land vacated by the Whittington Hospital is the preferred option from both the quantifiable and qualitative appraisal. Trust clinicians also believe that the Whittington option delivers the closest alignment to the clinical objectives of the STP and the Trust's Clinical Strategy.

1.7 Impact of the preferred option

1.7.1 Quality Impact Assessment

A Quality Impact Assessment (QIA) process was developed and led by the Clinical Work-stream Group for the preferred option to evaluate the impact on quality of care. This was developed in partnership with clinicians at the Trust to ensure it provides an accurate reflection of the changes to service delivery.

Specifically, the QIA of the proposed redevelopment will provide assurance that any resultant reconfiguration services will not adversely affect the quality of service user care. This is defined by NHS England as care that is clinically effective, safe and that provides as positive an experience for service users as possible

1.7.2 Independent review

The Clinical Senate Liaison Group was established as part of the pre-consultation phase to ensure proposals are independently reviewed and guided by NHSE Clinical Senate. Clinical Senates provide independent strategic advice and guidance to commissioners and stakeholders regarding healthcare provision. A request for advice from the London Clinical Senate (LCS) was requested on 29 February 2018 by Islington CCG, with support from both the Trust and Camden CCG. The LCS request sought guidance on:

- Whether the change of environment will improve clinical care for inpatient and community services;
- Whether the proposals for changes to inpatient and community mental health services:
    - will enable improvements in clinical care and quality benefits for patients

    - are informed by best practice
    - align with national policy and are supported by STP plans and commissioning intentions;
- Whether the approach ensuring the inpatient demand of population growth is absorbed by the development of mental health community services.

The Local Clinical Senate will complete its work in June 2018. The recommendations will be shared with the CCG Governing Body's for to ensure recommendations are addressed.

NHSE conducts a series of assurance tests including financial assurance which will be required before CCGs can launch the public consultation.