

East Pollokshields Primary Care Modernisation Project

Final Business Case

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SUMMARY

This business case assesses the options for taking forward the £2.3m allocated in the NHS Board's capital programme for the East Pollokshields primary care modernisation project (EPPCMP).

In 2008 the then South East Glasgow Community Health and Care Partnership was allocated £2.3m by the Scottish Government under the then Primary Care Modernisation Fund for a new health and social care facility in East Pollokshields.

The project has not progressed as originally planned as it was linked to wider plans for a community campus scheme, involving Education and Glasgow Life, that did not proceed due to a lack of available capital. The CHCP was unable to implement the scheme alone as the NHS does not own a site in the area, and the £2.3m allocated did not include costs for a site purchase since the original assumption was the scheme would be part of a larger development to be taken forward with Glasgow City Council.

This business case updates the options currently available following renewed discussion with Glasgow City Council departments of DRS, Education and Social Work Services, and recommends purchasing a site in McCulloch Street site, and progressing the scheme via HubCo. The scheme should be planned and designed to link with Glasgow City Council's plans for a new primary school to replace Glendale Primary, and plans for a new Gaelic School.

The business case seeks the agreement of the NHS Board / Glasgow City CHP and Glasgow City Council to this proposal and for HubCo to take the scheme to the next stage, and through to completion.

The CHP has given a commitment to meet the current projected revenue shortfall.

1. INTRODUCTION

- 1.1 This paper outlines the business case for developing a new primary health care facility in East Pollokshields.
- 1.2 After initially outlining the strategic context for this proposal, an overview of East Pollokshields is provided. A description of the existing facilities and services in the area is also included, and the limitations identified. The business case then assesses the options for rectifying the problems identified, and provides details of the preferred option and the financial implications.

2. STRATEGIC CONTEXT

2.1 Glasgow City CHP is responsible for the provision of primary care and community services to the people of Glasgow, and for improving health and well being. The CHP covers the geographical area of Glasgow City Council, a population of 588,470, and includes 154 GP practices, 136 dental practices, 186 pharmacies and 85 optometry practices. The CHP has 5,356.73 whole time equivalent (wte) staff, and a combined budget of approximately £644.4m. Services within the CHP are delivered in three geographical sectors:

- North East Glasgow with a population of 177,649;
- North West Glasgow with a population of 190,332; and,
- South Glasgow with a population of 220,489.

Purpose

2.2 The purpose of the CHP is to:

- manage local NHS services;
- improve the health of its population and close the inequalities gap;
- drive the local implementation of the quality strategy ensuring person centred, safe and effective care;
- achieve better specialist health care for its population;
- ensure an effective NHS process to engage in community care and children's service planning;
- work closely with Glasgow City Council to deliver effective integrated services where appropriate
- lead NHS participation in joint and community planning in Glasgow City;
- modernise community health services;
- integrate community and specialist health care through clinical and care networks;
- deliver effective engagement with primary care contractors;
- work with local communities to ensure they influence decisions; and,
- ensure patients and frontline health care professionals are fully involved in service delivery, design and decisions.

Aims

2.3 The aims of the CHP are to:

- provide a unified focus for the NHS's relationship with the City Council and to have a more local focus for the management of services ensuring strong local connections;

- generate efficiency and consistency in support services and management costs, and ensure devolution of service delivery, health improvement, inequalities and planning activity;
- provide a strong basis for better connection with primary care contractors;
- better reflect the pattern of flows into secondary care services to provide a more robust platform for the engagement required to drive change across the primary and secondary care interface; and,
- achieve streamlined Committee arrangements which ensure appropriate overall governance in a consistent and efficient way.

Key Challenges

2.4 The CHP faces a number of key challenges. In 2012/13 the CHP aims to:

- make further progress in implementing NHS Board's primary care framework to improve access working with GPs, community health staff, secondary care clinicians and other primary care professions, in particular the development of localities as a focal point for engagement and local decision making;
- developing an approach to tackling poverty in collaboration with key partner agencies;
- implement a number of key service changes in:
 - older people's services – through implementation of the Change Fund and reducing delayed discharges to meet national targets, and reducing the number of acute hospital bed days lost due to delays;
 - children's services - through implementing the requirements of Getting it Right for Every Child, delivering on the One Glasgow approach and contributing to the Board wide programmes.
 - district nursing services – increasing the time spent in face to face contact with patients; and,
 - improving access to community and inpatient mental health services.
- take forward health improvement programmes with partners designed to tackle inequalities and achieve improvements in Glasgow's record on:
 - reducing smoking;
 - alcohol screening;
 - child obesity;
 - reducing suicides; and
 - cardiovascular disease.
- meet the financial challenge by delivering a 3% efficiency savings and delivering financial balance;
- progress the implementation of the Board wide organisational programme – Facing the Future Together;

- fully engage in the consultation process following the Health Secretary's announcement on proposals for the integration of health and social care services;
- develop responses to improve the mental health and well being of the population, including older people, following the publication of the NHS Greater Glasgow & Clyde "Keeping Health in Mind" report from the Director of Public Health; and,
- mainstream approaches within our services that promote equality and help tackle health inequalities.

2.5 In addition to the above, the CHP remains committed to delivering the following NHSGG&C strategic priorities as outlined in the Board's Corporate Plan 2013-16:

- early intervention and preventing ill-health;
- shifting the balance of care;
- reshaping care for older people;
- improving quality, efficiency and effectiveness;
- tackling inequalities.

Project Aims

2.6 This strategic context has influenced the CHP in seeking to develop and improve existing facilities within East Pollokshields. More specifically, the aims behind the EPPCMP are to:

- improve the provision of primary care, community health and social work services by providing locally delivered and accessible services;
- provide a base to deliver health improvement activities to address inequalities and improve the health of the local population;
- develop services sensitive to the needs of the local population (e.g. relating to culture, language etc.);
- reduce barriers in accessing health and social work services; and,
- promote joint working between CHP and social work services, and other statutory and voluntary sector partners.

2.7 In 2008 the Scottish Government allocated £2.3m under the then Primary Care Modernisation Programme to progress a joint health and social care facility (see original application at **appendix A** – *in order to reduce the size of this document this appendix is not included and is available separately*).

2.8 The original scheme has not progressed due to lack of available capital to fund other aspects of a wider community campus scheme involving Education and Glasgow Life, and due to the lack of a suitable alternative site for the NHS to develop the scheme.

3. EAST POLLOKSHIELDS

- 3.1 There are approximately 7,200 people living in East Pollokshields. The proportion of 0-15 year olds is 27% above the Scottish average with those aged 65+ being 37% below the Scottish average. The population is comparatively young compared to other areas.
- 3.2 Glasgow City Council's City Plan has identified East Pollokshields and Port Eglinton as an area experiencing intensive development pressure, particularly from major housing projects, stimulated by its close proximity to the City Centre and key transport connections. The population is, therefore, increasing and this is likely to place additional demands upon local services and infrastructure.
- 3.3 Housing in the area is predominantly of a tenement nature and house prices are slightly below the Scottish average. Overcrowding appears a particular issue, with rates significantly in excess of the Scottish average.
- 3.4 Across a range of indicators, East Pollokshields is an area which experiences relative poverty with for example, those classed as income deprived and the number of children within workless households being significantly above the Scottish average. Educational attainment levels are also low in comparison to the Scottish average.
- 3.5 Another issue for the area is crime, particularly serious violent crime, which is significantly above the Scottish average, as are the rates of drug offenders.
- 3.6 Life expectancy for males and females in the area is slightly below the Scottish average, with comparatively high death rates from cerebrovascular disease and CHD contributing to this. Alcohol and drugs are also a problem in the area, with alcohol/drugs related hospital admissions well above the Scottish average.
- 3.7 An overriding feature of the area is its high BME population, mainly from Southern Asia who account for approximately 48% of the population. This poses a number of health challenges, including the need for services to develop culturally sensitive ways of responding to the diverse nature of the population in regards to ethnicity, faiths and cultures. The diversity of ethnicity also presents greater prevalence of conditions such as diabetes, as well as a range of other issues, some recognised by local service providers as being hidden due to cultural barriers or stigma. This includes poor mental health and well being, and the misuse of alcohol, drugs and tobacco.
- 3.8 There is in addition, awareness among service providers that there is a concentration of families within Pollokshields who have children with a range of disabilities, who are in need of packages of support. Linked to this are the needs of carers, whose responsibilities can weigh heavily on their personal health and wellbeing.

4. CURRENT SERVICE PROVISION

4.1 The location of current services is shown on a map in **appendix B**.

GP Practices

4.2 There are five GP practices whose practice area includes East Pollokshields either wholly or in part (**see table 1**). Four practices come under the responsibility of Glasgow City CHP, and a fifth (the Pollokshields Medical Practice) who have their main surgery in Giffnock, are the responsibility of East Renfrewshire CHCP. Of the five practices, one GP practice has their main and only surgery in Maxwell Road, two GP practices have satellite clinics in the area (Regency practice and Pollokshields practice) and a fourth GP practice operates from the Eglinton Medical Centre. All five have a large number of patients from East Pollokshields.

Table 1 - GP practices servicing East Pollokshields (*premises in East Pollokshields highlighted in bold italics*)

Practice	Main surgery address	Branch surgery
Maxwell Road Surgery	<i>17 – 23 Maxwell Road, G41 1QP</i>	N/A
Eglinton Medical Practice	<i>660 Eglinton Street, G5 9RP</i>	1339 Gallowgate, G31 4DN
Regency Medical Practice	208 Battlefield Road, G42 9HN	<i>29 Keir Street, G41 2NP</i>
Pollokshields Medical Practice*	3 Corroar Road, G77 6TR	<i>260 Maxwell Road, G41 1PJ</i>
MacDonald & Partners	<i>162 Nithsdale Road, G41 5RU</i>	N/A

* responsibility of East Ren CHCP

4.3 It is recognised that there is considerable scope for improvement in the surgery premises in East Pollokshields. Three of the surgery premises in East Pollokshields are converted tenement accommodation with space relatively limited in comparison to more modern health centre premises, with the result that although there are shared consultation rooms available, these tend to be very small, and limit the services that can be delivered by other visiting health professionals and partners.

4.4 A recent Greater Glasgow and Clyde audit of GP premises found that in relation to the five premises above the overall priority for investment in South Glasgow was the Maxwell Road Surgery. Separate plans are being developed for improvements to the two surgeries that rank higher than the Maxwell Road surgery.

District Nurse and Health Visitor Services

4.5 District nursing and health visiting services to East Pollokshields are provided from Thornliebank and Gorbals health centres, as there is no base in the local area. District nurses and health visitors are limited in the types of interventions that they are able to deliver to patients in the local area, given the constraints of the accommodation in the GP surgeries and the lack of suitable facilities that exist to

deliver activities such as group work, drop-ins or clinics. Lack of space also hinders communications with GPs in delivering services locally.

East Pollokshields Health Shop

- 4.6 In response to the above issues, the then South East Glasgow CHCP opened a health shop in Shields Road in 2009 to provide facilities for the delivery of a range of individual and group based services, including disabilities and addictions. The shop is a base for a number of community based health improvement activities such as parenting and oral health. The shop employs bi-lingual staff to facilitate effective ongoing communication and engagement.
- 4.7 Although the shop enables services to be delivered from a high profile location, the building itself is limited. The shop was also intended to be an interim facility from which services would transfer to the new facility when available.

Social Work Services

- 4.8 Social Work Services have an office in McCulloch Street that houses a community work and welfare rights team, and also hosts regular sessions from external agencies. However, the building itself is very small and accommodation is cramped. It is also in a state of disrepair and requires significant investment to bring it up to the levels of a modern facility.

5. PROPOSED NEW FACILITY

5.1 It is proposed that the new facility responds to the limitations in existing premises outlined above, and enables a range of health and social care services to be provided from a single base within East Pollokshields. Within the capital available it is proposed that the new building provide accommodation for the following services:

- A GP Practice (2-3 GPs);
- Practice Nurse;
- Attached District Nurses and Health Visitors;
- Health improvement;
- Space for Social Work Services currently based in McCulloch Street; and,
- Space for visiting services such as addictions, Diabetic Nursing, addictions and AHPs.

5.2 The proposed configuration of the new facility is outlined in **appendix C** and includes the following:

- A shared reception and waiting area;
- A GP consulting rooms;
- A nurse consulting room;
- A treatment room;
- Generic consulting rooms and a large group room for use by a range of services including those who currently are delivering services from the health shop;
- Office space for attached community nursing staff and Social Work Staff;
- Meeting room; and
- An interview room.

6. OPTION APPRIASAL (including economic analysis)

Introduction

- 6.1 An economic appraisal has been carried out on each of the options to demonstrate which option provides best value for money. This involves undertaking the following steps:
1. Scoring the non-financial benefits;
 2. Identifying and quantifying the monetary costs, both capital and revenue;
 3. Identifying the life cycle costs;
 4. Assessing risk;
 5. Calculating a cost / benefit point for each option; and,
 6. Then drawing together the conclusions from this analysis, and identifying the option that delivers best value for money.

Options

- 6.2 The following options have been identified as part of the business case process:
- do nothing / do minimum;
 - build new facility on a site in McCulloch Street site; or,
 - refurbish / extend the existing Social Work office building.

Option 1 – Do nothing / do minimum

- 6.3 This option is included in the business case as a baseline option. All business cases should include a do nothing or do minimum option as doing nothing is always a potential option. Under this option there would be no change to the existing GP, CHP or Social Work premises. Any improvements to GP premises in response to the Board-wide audit would have to be funded via the GP (GMS) premises budget. This in effect would mean that the GP practices in the area (who either own their premises or rent premises from a third party) would have to seek alternative accommodation or reach agreement with their landlord to undertake any necessary improvements, and apply to the GMS Premises Development Group for approval to proceed. This option presents both the GPs and the NHS Board with obvious risks. The Maxwell Road practice operate from sub standard rented premises which in the Board's and the CHP's view need to be urgently addressed.
- 6.4 No plans are being considered to improve the facilities at the Health Shop in Shields Road. Under this option the CHP would continue to lease these premises from Southside Housing Association.
- 6.5 Glasgow City Council does not have plans to improve the Social Work premises in McCulloch Street (but see option 2 below).
- 6.6 Indicative costs for this option are outlined below.

Option 2 – New build facility on a site in McCulloch Street

- 6.7 Under this option the new facility would be built on a part of the site in McCulloch Street that is owned by Glasgow City Council (**see appendix D** of the business case).
- 6.8 This option would involve the purchase of an appropriate part of the McCulloch Street site. The scheme would be planned in conjunction with Glasgow City Council's plans for a new primary school to replace Glendale Primary and provide a new Gaelic School. The current timescale for the new school is for completion in the latter half of 2014.
- 6.9 This option would meet the objectives for the scheme (see table 2 below). Estimated revenue and capital costs are outlined below.

Option 3 - refurbishment / extension of existing Social Work building

- 6.10 This option is included in the business case to provide a comparison for options 1 and 2 in assessing value for money. Under this option, the CHP would develop the new facility by refurbishing and extending the current GCC owned Social Work building in McCulloch Street. To enable this option to proceed, the NHS Board would need to reach agreement with the Council to purchase the Social Work building and the adjacent site to develop the new facility.
- 6.11 Initial feasibility work undertaken has indicated that the site where the Social Work building is located is large enough to accommodate the proposed new facility. This assessment has shown, however, that extending and refurbishing the existing building, while feasible, would not be a practical or cost effective option. The existing Social Work building is 98 m² and the current site is 800 m². The proposed new facility is 603 m² (see schedule of accommodation at **appendix C** of the business case), excluding provision for car parking and other external site considerations. Therefore the existing building would comprise only 20% of the proposed new facility.
- 6.12 In addition, making provision for refurbishment of the existing building from within the £2.3m allocated has the net effect of reducing the build costs available for the extension and therefore the total space available under this option (see table 3 below). This option would provide a total of 472 m² - 131m² less than the schedule of accommodation. Choices would have to be made about reducing the space for services such as health improvement and / or visiting services which may impact on income. For example, if health improvement could not be accommodated in the new facility, the CHP would continue to operate the Health Shop in Shields Road.
- 6.13 In any case, Glasgow City Council Education Services have plans for a new primary school which involve the demolition of the Social Work building and utilisation of this part of McCulloch Street, which effectively discounts this option from further consideration. It is doubtful in any case that the NHS Board would, under this option, purchase a building that is in need of significant repair and then refurbish and extend. It has been concluded that this option would not meet the objectives for the project, is not a practical solution, and would not represent a good use of current resources.

Non Financial Benefits Analysis

- 6.14 An analysis of the extent to which each option satisfies the investment objectives identified for the project, as set in paragraph 2.6 of the business case, is shown in table 2 below. Option 2, the new build option, ranks highest.

Table 2 – Non-financial benefits - appraisal of options against investment objectives

Investment Objectives	Weight	Options		
		1 Do minimum	2 New Build	3 Refurbish SWS office ¹
a) Improve the provision of primary care, community health and social work services by providing locally delivered and accessible services;	30	0	150	30
b) Provide a base to deliver health improvement activities to address inequalities within the local population;	20	0	100	20
c) Develop services sensitive to the needs of the local population (e.g. relating to culture, language etc.);	20	20	100	20
d) Reduce barriers in accessing health services;	20	0	100	20
e) Promote joint working between CHP services, social work and other statutory and voluntary sector partners;	10	0	50	10
TOTAL WEIGHTED SCORE	100	20	500	100
RANK		3	1	2

Note – options scored on range of 1 – 5 with 0 scoring lowest (i.e. no benefit) and 5 highest (i.e. objective fully met). Weights are out of 100.

Capital and Revenue Costs

- 6.15 The total capital costs, which were secured by the then South East Glasgow CHCP through the Primary Care Modernisation Fund in 2008, and included in the NHS Board's capital programme, are £2.3m. The £2.3m has not been uplifted for inflation / building costs. A breakdown of the capital and revenue costs against

¹ indicative scores given on assumption that refurbishment would not deliver as good a quality of premises as new build. Note this option has been scored for comparison purposes although this option has been discounted.

each option is shown in table 3 below. Detailed capital and revenue costs for each option are shown in **appendix E**.

Table 3 – Capital and Revenue Costs

	Option 1 - Do minimum	Option 2 - New build	Option 3 - Refurbish SWS office
	£,000	£,000	£,000
Capital Costs:			
Land	0	100	100
Construction	0	1,803	1,131
Refurbishment	0	0	400
Construction risk	0	137	133
NHS risk allowance	0	192	250
Furniture & Equipment	0	68	68
Total Capital costs	0	2,300	2,082
Revenue Costs:			
Depreciation costs	0	50	42
Soft FM			
Utilities	0	18	14
Cleaning	0	13	10
Maintenance	0	13	10
Security	0	3	3
Rates	0	11	9
Total Soft FM	0	58	46
Total Revenue Costs	0	108	96
Income:			
GP income	0	-14	-14
NHS budget	0	-8	-8
Social work budget	0	-4	0
Health shop	0	-9	0
Total income	0	-35	-22
(Shortfall)/Over-recovery	0	-73	-74

- 6.16 The capital and revenue impact of option 1 is assumed to be zero as this is essentially a no change option. The CHP does not have a facility in East Pollokshields to maintain or improve and would therefore not incur any capital expenditure from either its formula or back log maintenance budgets
- 6.17 The revenue costs for options 2 and 3 show a revenue shortfall, which the CHP has given a commitment to meet for the project to proceed. The options to be explored to close this gap would include discussion with Hub Co to assess the operational costs for the scheme and any efficiencies and / or innovation that could be introduced.

6.18 Income estimates are included in table 3 above. There are two main sources of projected income. One is the contribution which would be received from the GP practice for heat, light, power, cleaning and maintenance. The other is the contribution which could be reallocated from Social Work once the McCulloch Street Social Work office is closed.

Life Cycle Costs

6.19 In this section the business case assesses the level of capital investment that might be required to maintain the building as an asset and fit for use over its estimated life. Under this analysis the do minimum option attracts zero lifecycle costs as there is no capital investment from the NHS Board under this option.

6.20 Lifecycle costs for each option are included in **appendix F**, and are summarised in table 4 below.

Table 4 - Summary of life cycle costs

Year	Option 1- Do Minimum	Option 2 – New Build	Option 3 – refurbish SWS office
	£,000	£,000	£,000
Year 10	0	53	56
Year 15	0	209	188
Year 20	0	517	464
Year 30	0	784	704
Year 40	0	517	464
Year 45	0	209	188
Year 50	0	63	56
Other	0	403	306
Total	£0	£2,702	£2,426

Risk Assessment

6.21 This next step looks at the risks associated with each option, and mitigation strategies to reduce the risk and the likelihood of it occurring. Risks are assessed as either high, medium or low. The risk assessment is summarised in table 5 below.

Table 5 – Risk Assessment

Risk	Mitigation	Option 1 – do minimum	Option 2 – new build	Option 3 – refurbish SWS office
Delay / problems in acquiring site	Early engagement with GCC	n/a	Medium	medium
Delays / problems in obtaining planning permission	Early engagement with GCC and local community interests	n/a	Medium	low
Unforeseen increase in capital costs	Ongoing review and updating of costs with Hub Co	low	Medium	medium
Partners do not agree to join in project	Early engagement with partners to ensure ownership of proposals	low	Low	low

Value for Money

- 6.22 This section brings the above information together and identifies which option delivers the best value for money, and should therefore be taken forward as the preferred option in the business case. This process involves calculating a cost benefit point for each option. The capital, revenue and life cycle costs are entered into Net Present Value (NPV) tables to derive a NPV for each option. All values entered are exclusive of VAT and depreciation costs. The NPV tables are included in **appendix G**.
- 6.23 The capital and revenue costs used in the economic table excluding capital charges and VAT are shown in table 6 below.

Table 6 – Economic Analysis

Capital and Revenue cost - excluding VAT and capital charges	Option 1 - Do Minimum	Option 2 - New Build	Option 3 – Refurbish SWS office
	£,000	£,000	£,000
Capital costs:	0	1,917	1,735
Revenue costs:			
Soft FM	0	58	46
Less : VAT(cleaning, grounds etc)	0	-4	-3
Soft FM (exc VAT)	0	54	43
Income – GPs	0	-13	-13
Income - Social work	0	-4	0
Income - Health shop	0	-8	0
Income – NHS budget	0	-7	-7
Net Change in Revenue	0	22	23

6.24 From the NPV tables the new present value is divided by an annualising factor to give an equivalent annual cost for each option. The equivalent annual cost is then divided by the non financial benefits score for each option in table 2 to derive at a cost per benefit point as shown in table 7 below.

Table 7 – Net Present Values

	Option 1 - do minimum	Option 2 - new build	Option 3 – refurbish SWS office
NPV results	0	2,53,000	2,094,000
Non financial benefit score	20	500	100
Cost per Benefit point	0	4,706	20,940
Rank	n/a	1	2

6.25 The table shows that option 1, with no capital investment and therefore zero additional revenue consequences, gives the lowest cost in financial terms, but as this option does not meet the objectives for the project, this option should not be considered further. Table 7 demonstrates that option 2, a new build on the McCulloch Street site, delivers the best value for money by presenting the lowest cost per benefit cost at £4,706. This option should therefore be taken forward as the preferred option.

Financial Analysis

6.26 As demonstrated above and after undertaking a value for money analysis, the preferred option in the business case has been identified as option 2, a new build scheme on a site owned by Glasgow City Council adjacent to the current social work premises in McCulloch Street, East Pollokshields. This section looks at the financial case, both revenue and capital, for option 2 in more detail.

Capital Cost Profile

6.27 Table 8 below profiles the capital expenditure associated with the preferred option, including VAT, over the period of the project.

Table 8 – Capital Cost Profile for Option 2

Capital Profile	2012/13 £'000	2013/14 £'000	Total £'000
Land Purchase	100	0	100
Construction costs	0	1,823	1,823
Fees	200	110	310
Equipment	0	67	67
Total Capital costs	300	2,000	2,300

6.28 NHS Greater Glasgow & Clyde is currently under discussion with Glasgow Council to procure the land in McCulloch Street adjacent to the current social work office, with a view to concluding matters before the end of March 2013. The building is expected to be 603 square metres with a land parameter of 2265 square metres.

6.29 There are no disposal implications for the NHS Board that arise from this scheme, other than the termination of the lease with Southside Housing Association for the health shop in Shields Road; the budget for which would transfer to the new build. The existing social work building would be demolished under proposals by Education to redevelop Glendale Primary School.

Capital Construction Costs

6.30 The prime cost of £1,563 £/m² is the affordability cap as set by the Hub West Territory Team/NHS Capital Planning & Procurement and was determined by using the construction costs of four comparable and relevant benchmark projects. Hub West, having undertaken an assessment of the affordability cap and the benchmark projects, have confirmed that they can deliver this project based within the prime cost figure. Based on this process the agreed capital cost is considered to be value for money.

6.31 The prime cost is higher than the four DBFM Health Centre projects currently going through the Full Business Case process, however this would be expected and is due to the cost differential created by the difference in scale of the projects e.g. Woodside Health Centre – indicative capital cost estimate £11.0m - £12.3m and East Pollokshields Project - £2.3m

Revenue Profile

6.32 Table 9 below shows the revenue consequences for option 2, both recurring and non-recurring costs, and the sources of funding to be used to offset the additional costs involved.

Table 9 – Revenue Costs Profile for Option 2

	2014/15 £'000
Revenue Expenditure:	
Annual capital depreciation	50
Soft FM	
Utilities	14
Cleaning	13
Maintenance	9
Security	3
Rates	11
Telecoms	4
Grounds maintenance	5
Total Recurring Costs	108
Sources of funding	
GP practice	(14)
Social work	(4)
Health shop	(9)
Other	(8)
Total Funding	(34)
Net Recurring costs / (savings)	0
Transitional Costs	0
Double running	0
Total Non Recurring Costs	0
Grand Total	73

6.33 Discussions are underway with the GP practice and SWS with regard to the revenue funding support the running costs of the new facility. The CHP has agreed to underwrite the revenue shortfall on a recurring basis.

6.34 Option 2, the preferred option as identified above, with a capital cost of £2.3m presents a recurring revenue cost of £73.6k per annum to be phased in from the first quarter of 2014/15 and on completion of the scheme. This cost will be met by the CHP.

Capital Requirement

6.35 The capital cost for a new build is £2.3m phased over financial years 2012/13 and 2014/15. NHS Greater Glasgow and Clyde have allowed for this in the Board's Capital Plan.

Revenue Implications

6.36 The scheme will incur new capital charge depreciation costs for the new building and equipment of £50k per annum. There is no saving on existing services as CHP staff will transfer from their existing premises in the health shop in Shields Road (the lease will be given up) and district nursing and health visiting staff will retain

their existing bases in Thornliebank and Gorbals Health Centres with touch down space in the new building.

- 6.37 With regard to soft facilities management costs these have been assessed for the new build at £58k per annum. These costs will be offset by funding to be received from existing NHS budgets, social work and GP income, totalling £35k, leaving an estimate revenue shortfall on facilities management costs of £23k per annum. The CHP has agreed to fund this recurring revenue shortfall, which including depreciation costs, is £73k.

Impact on Balance Sheet

- 6.38 The project is to be funded via public capital and has been allowed for against the Boards current Capital Resource Limit. The new facility will be treated as a public asset on completion and will be recorded on the Board's asset register.

Cost of Service Continuity

- 6.39 The services included in this scheme will continue to be delivered from the existing sites (e.g. health shop, SWS office, GP premises etc) until such time as the new facility is completed and commissioned, and allowing for a safe transfer of operations. There are no additional costs arising from the provision of service continuity.

Funding Model

- 6.40 The CHP have undertaken discussion with HUBCO-West and the likely route of procurement is as a public capital project delivered by Hubco.

7. PREFERRED OPTION

7.1 From the option appraisal above, the preferred option for the CHP to meet its objectives for this project (see paragraph 2.6 above and table 2) is option 2. However, there is an estimated revenue shortfall that would need to be met before the project could proceed.

7.2 In addition to meeting the CHP's objectives, option 2 has the benefits of:

- regenerating an existing site / building;
- providing services from an existing recognisable and accessible location;
- the ability to progress quickly once approval is given with an estimated build timescale of 12 – 18 months;
- minimal disruption to existing NHS services although consideration would have to be given to relocating social work services on a temporary basis possibly from the Health Shop in Shields Road; and,
- realising the goal of continuing to provide integrated services.

7.3 To progress this option further a number of key issues require to be addressed:

- **agreement reached between the NHS Board / CHP and Glasgow City Council to develop the new facility on the McCulloch Street site, and the subsequent purchase of an appropriate part of the site; and,**
- **agreement with Hub Co to take the scheme through to completion, including exploring options to address the projected revenue shortfall.**

8. CONCLUSION

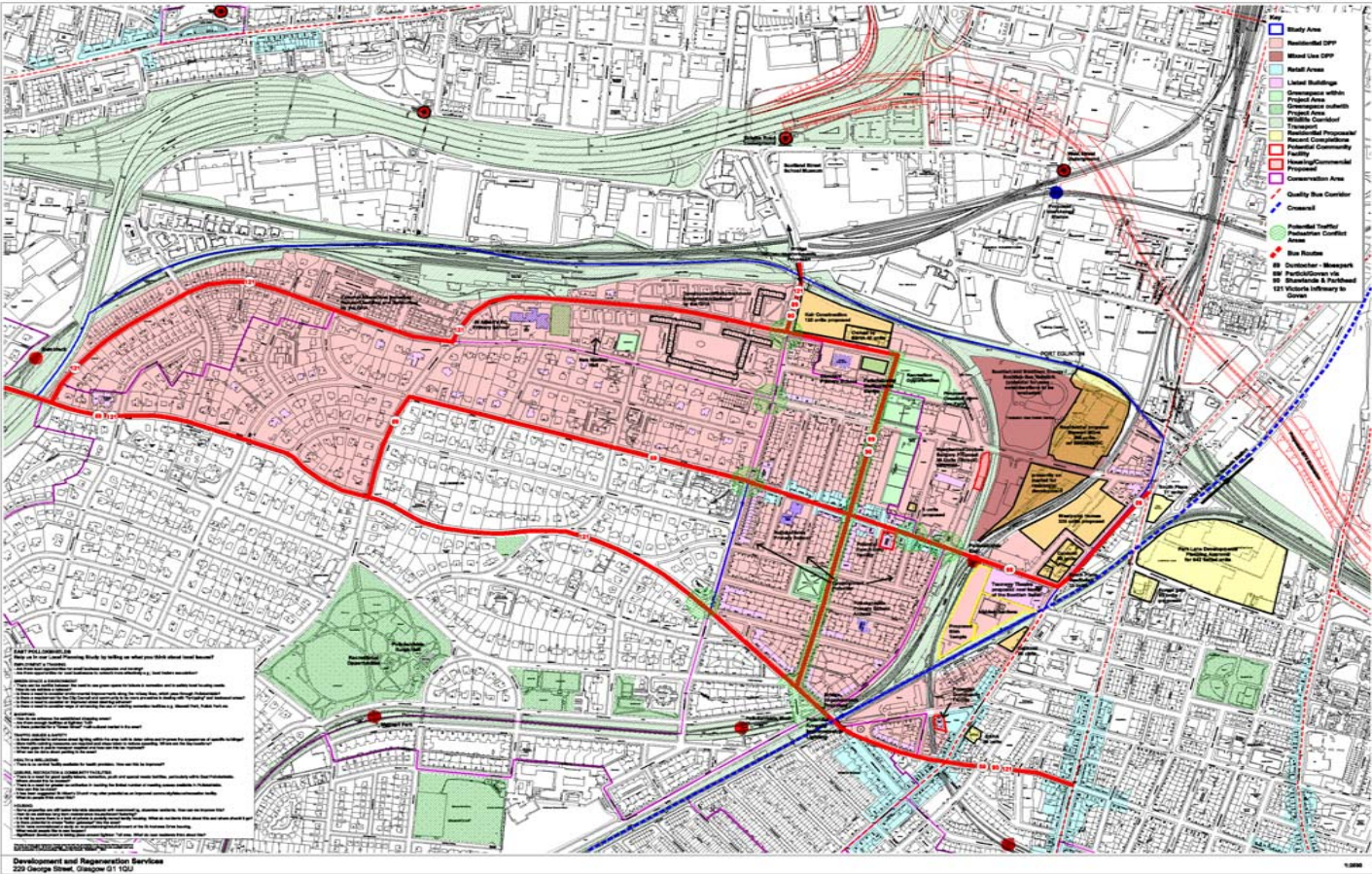
- 8.1 The East Pollokshields area has one of the highest BME populations in Scotland, and has its own characteristics needs and challenges. At present, it has been recognised that there is a lack of adequate facilities in the area to deliver services to meet these needs. This paper has outlined the business case for developing a new health and care facility to respond to the identified needs of the population and address the limitations of the existing facilities. Approval is now sought to proceed with this development as outlined above.

**APPENDIX A:
Primary Care Modernisation Application, 2008
(available separately)**

**PRIMARY & COMMUNITY CARE MODERNISATION PROGRAMME 2008/09
EAST POLLOKSHIELDS COMMUNITY RESOURCE DEVELOPMENT**

In order to reduce the size of the document this appendix has been excluded and is available separately.

APPENDIX B: Map of East Pollokshields



**APPENDIX C:
New Facility – Schedule Of Accommodation**

EPPCMP – DRAFT SCHEDULE OF ACCOMMODATION

SERVICE	ROOM TYPE	NO. OF ROOMS	AREA M ²	COMMENTS
GP Practice	Reception/records	1	14	Accommodation for 1 GP practice with 2 or more GPs
	Waiting Area	1	20	
	GP Consulting Room	4	66	
	Nurse Consulting Room	1	14	
	Office	1	12	
	Treatment Room	1	14	
Shared GP / CHP space	Reception	1	14	To serve other CHP services provided
	Waiting room	1	16	
	Meeting Room	1	14	
	Interview room	1	12	
Social Work Services office space	Office	1	24	Office space for 6 people
District Nurses	Office	1	24	Office space for 6 people
Health Visitors	Office	1	20	Office space for 5 people
Generic Consulting Room	Consulting Rooms	3	42	Generic room for multi use by community midwifery, mental health, AHPs, diabetic nurse etc.
Health Shop	Group room	1	42	Shared room
Sub Total			348	
Common	DSR	2	16	Based on 2 floors
	Boiler room	1	8	
	Comms Room	1	8	
	Clinical Waste Room	1	6	
	Storage	2	16	

SERVICE	ROOM TYPE	NO. OF ROOMS	AREA M ²	COMMENTS
	Toilet/Shower rooms		40	Based on 2 floors
	Baby change/Feed	1	8	
	Lift		4	
Sub Total			454	
Circulation 33%			149	
Total			603	
Gross Int Floor Area				
Total Above			603	

Note: small provision for staff kitchen to be added

**APPENDIX D:
McCulloch Street Site Current**



APPENDIX E: Capital And Revenue Costs

East Pollokshields - Update on Capital Costs - 21-Dec-12

		Option 2		Option 3		Option 1	
		New Build		Refurb&extend		Do Min minor refurb	
Square mtrs		603		374		98	
				ext refurb major		98	refurb
				472M2			
	Cost per sq mtr	exc vat	Inc vat	Exc vat	inc vat	exc vat	inc vat
Capital Costs							
Land		83,334	100,000		83,334	100,000	
Building Construction							
Prime Cost	£1,563	942,489	1,130,987		584,562	701,474	
External work	£290	174,870	209,844		108,460	130,152	
Prelims	11.34%	126,709	152,050		78,589	94,306	
		<u>1,244,068</u>	<u>1,492,881</u>		<u>771,611</u>	<u>925,933</u>	
Other building costs							
Post contract risk	1%	12,441	14,929		7,716	9,259	
O&P(prime+prelim+ pc risk+design post fc)	4%	53,226	63,871		33,013	39,615	
Design fees 1+2	5.27%	65,562	78,675		40,664	48,797	
Design fees post fc	5.96%	74,146	88,976		45,988	55,186	
Hobco fees	1.53%	19,034	22,841		11,806	14,167	
Hubco mmt costs	0.50%	6,220	7,464		3,858	4,630	
Surveys		28,000	33,600		28,000	33,600	
		<u>258,630</u>	<u>310,356</u>		<u>171,044</u>	<u>205,253</u>	
Refurbishment		0	0		333,334	400,000	
Total Construction Cost		1,502,698	1,803,237		1,275,989	1,531,186	
Risks							
Project risk bics qtr4 2012 (216)							
to qtr 4 2013 (219)	1.39%	20,887	25,065		17,736	21,283	
Below ground conditions		30,000	36,000		30,000	36,000	
Planning conditions		33,325	39,990		33,325	39,990	
Site security school		15,000	18,000		15,000	18,000	
Site security other		15,000	18,000		15,000	18,000	
		<u>114,212</u>	<u>137,055</u>		<u>111,061</u>	<u>133,273</u>	
Total overall Build costs		1,616,910	1,940,292		1,387,050	1,664,459	
Risk allowance NHS	9.90%	160,000	192,000		208,058	249,669	
Equipment		56,666	68,000		56,666	68,000	
Grand Total		1,916,910	2,300,292		1,735,108	2,082,129	0

Note increase on this
risk allowance to 15%
also assumes buy land
nr decant costs
est ?

East Pollokshields Modernisation Project - Projected Recurring Revenue Cost

Expenditure	Based on total Floor Area of:	Minimum	Capital Build	Refurb /Extend	Comments
		Option 1	Option 2	Option 3	
	Area m2	98	603	472	
	Average Cost/m2	Cost £	Cost £	Cost £	
Land		0	100,000	100,000	
Building Construction					
Prime Cost			1,130,987	870,278	
External work			209,844	161,472	
Prelims	11.34%		152,050	117,000	
		0	1,492,881	1,148,751	
Other building costs					
Post contract risk	1%		14,929	11,488	
O&P(prime+prelim+pc risk+desgn post fc)	4%		63,871	49,148	
Design fees 1+2	5.27%		78,675	60,539	
Design fees post fc	5.96%		88,976	68,466	
Hobco fees	1.53%		22,841	17,576	
Hubco mmt costs	0.50%		7,464	5,744	
Surveys			33,600	33,600	
			310,356	246,560	
Refurbishment		0	0	400,000	
Total Construction Cost		0	1,803,237	1,795,311	
Risks					
Project risk bics qtr4 2012 (216) to qtr 4 2013 (219)	1.39%		25,065	24,955	
Below ground conditions					
Planning conditions			36,000	36,000	
Site security school			39,990	39,990	
Site security other			18,000	18,000	
			18,000	18,000	
			137,055	136,945	
Total overall Build costs		0	1,940,292	1,932,256	
Risk allowance NHS	9.90%		192,000	289,838	
Equipment			68,000	68,000	
Grand Total		0	2,300,292	2,390,094	

Revenue Expenditure					
Soft FM Costs					
Rates:	19.96	18.54	11,180	8,749	
Utilities	19.61	23.05	13,900	10,878	
Telecoms		5.88	3,546	2,775	
Cleaning	20.38	21.63	13,043	10,207	
Maintenance		14.72	8,875	6,946	
Grounds Maintenance		8.24	4,969	3,889	
Rent					
Security			3,000	3,000	
			0	58,513	46,445
Annual Capital Depreciation			0	49,918	49,739
Annual Total Expenditure			0	108,431	96,184
Income					
H,L & P		16.08	4,436	4,436	
Cleaning		21.38	5,898	5,898	
Rental					11025
Maintenance		13.81	3,810	3,810	
Income GP Occupancy			0	14,144	14,144
Social Work Services			4,354		
Health Shop			8,620		Currently funds Shiels Road lease
Other			7,995	7,995	Transfer of Existing NHS Budget
Annual Total Income			0	35,113	22,139
(Shortfall)/Over Recovery Recurring			0	-73,317	-74,045

Notes:

Option 1 - Current building owned by City Council and occupied by Social work staff only (no NHS staff), therefore no NHS costs incurred.

Option 2 - New build to accommodate GP practice, District Nursing, Health Visiting, Social Work and Health Shop.

Option 3 - Additional extension provides accommodation for GP practice.

APPENDIX F: Life Cycle Costs

This file is not included here due to its size and is available separately

**APPENDIX G:
Net Present Value Tables**

NPV Tables: East Pollokshields-McCulloch St: Option 1-Do Min

Net Present Value Calculation					31-75years	103.0%			
Option 1 Do MIN					1-30 years	103.5			
Year	LifeCycle cost £'000	Capital Receipt £'000	Capital Cost £'000	Total Revenue £'000	Total £'000	Discount Factor	Discounted Cost	NPV	import lifecycle add in capital profile add in rev profile
2010/11= yr0									
0	0	0	0		0	1.0000	0	0	0
1	0	0			0	0.9662	0		0
2	0	0			0	0.9335	0		0
3	0	0			0	0.9019	0		0
4	0	0	0		0	0.8714	0		0
5	0	0	0		0	0.8420	0		0
6	0	0	0		0	0.8135	0		0
7	0	0	0		0	0.7860	0		0
8	0	0	0		0	0.7594	0		0
9	0	0	0		0	0.7337	0		0
10	0	0	0		0	0.7089	0		0
11	0	0	0		0	0.6849	0		0
12	0	0	0		0	0.6618	0		0
13	0	0	0		0	0.6394	0		0
14	0	0	0		0	0.6178	0		0
15	0	0	0		0	0.5969	0		0
16	0	0	0		0	0.5767	0		0
17	0	0	0		0	0.5572	0		0
18	0	0	0		0	0.5384	0		0
19	0	0	0		0	0.5202	0		0
20	0	0	0		0	0.5026	0		0
21	0	0	0		0	0.4856	0		0
22	0	0	0		0	0.4692	0		0
23	0	0	0		0	0.4533	0		0
24	0	0	0		0	0.4380	0		0
25	0	0	0		0	0.4231	0		0
26	0	0	0		0	0.4088	0		0
27	0	0	0		0	0.3950	0		0
28	0	0	0		0	0.3817	0		0
29	0	0	0		0	0.3687	0		0
30	0	0	0		0	0.3563	0		0
31	0	0	0		0	0.3459	0		0
32	0	0	0		0	0.3358	0		0
33	0	0	0		0	0.3260	0		0
34	0	0	0		0	0.3165	0		0
35	0	0	0		0	0.3073	0		0
36	0	0	0		0	0.2984	0		0
37	0	0	0		0	0.2897	0		0
38	0	0	0		0	0.2812	0		0
39	0	0	0		0	0.2731	0		0
40	0	0	0		0	0.2651	0		0
41	0	0	0		0	0.2574	0		0
42	0	0	0		0	0.2499	0		0
43	0	0	0		0	0.2426	0		0
44	0	0	0		0	0.2355	0		0
45	0	0	0		0	0.2287	0		0
46	0	0	0		0	0.2220	0		0
47	0	0	0		0	0.2156	0		0
48	0	0	0		0	0.2093	0		0
49	0	0	0		0	0.2032	0		0
50	0	0	0		0	0.1973	0		0
51	0	0	0		0	0.1915	0		0
52	0	0	0		0	0.1859	0		0
53	0	0	0		0	0.1805	0		0
54	0	0	0		0	0.1753	0		0
55	0	0	0		0	0.1702	0		0
56	0	0	0		0	0.1652	0		0
57	0	0	0		0	0.1604	0		0
58	0	0	0		0	0.1557	0		0
59	0	0	0		0	0.1512	0		0
60	0	0	0		0	0.1468	0		0
	0	0	0	0	0	26.3753	0		0

Equivalent Annual Charge
Calculation

Lifecycle costs		0
Capital Receipts	-	
Capital Expenditure	-	
Revenue - Increase/(Decrease)	-	
<hr/>		
Net Cash Flow	-	
<hr/>		
NPV	-	
Annualizing Factor	26.3753	
Equivalent Annual Cost	-	
<u>Note vat is excluded from economic calculation</u>		
<u>Capital charges are excluded from economic calculations</u>		

NPV Tables- East Pollokshields-McCulloch St: Option 2-Refurb&Extend

Net Present Value Calculation					31-75years	103.0%			
Option 2 refurb&extend					1-30 years	103.5	enter		
Year	LifeCycle	Capital	Capital	Total		Discount	Discounted		
	cost	Receipt	Cost	Revenue	Total	Factor	Cost	NPV	
2012/13=year0	£'000	£'000	£'000	£'000	£'000				
0	0		300	0	300	1.0000	300	2,094	0
1	0		1,435	0	1,435	0.9662	1,386		0
2	0	0		-22	-22	0.9335	-21		0
3	0	0		-22	-22	0.9019	-20		0
4	0	0	0	-22	-22	0.8714	-19		0
5	0	0	0	-22	-22	0.8420	-19		0
6	0	0	0	-22	-22	0.8135	-18		0
7	38	0	0	-22	16	0.7860	12		37531.95
8	0	0	0	-22	-22	0.7594	-17		0
9	0	0	0	-22	-22	0.7337	-16		0
10	56	0	0	-22	34	0.7089	24		56297.93
11	0	0	0	-22	-22	0.6849	-15		0
12	0	0	0	-22	-22	0.6618	-15		0
13	0	0	0	-22	-22	0.6394	-14		0
14	38	0	0	-22	16	0.6178	10		37531.95
15	188	0	0	-22	166	0.5969	99		187659.8
16	0	0	0	-22	-22	0.5767	-13		0
17	0	0	0	-22	-22	0.5572	-12		0
18	0	0	0	-22	-22	0.5384	-12		0
19	0	0	0	-22	-22	0.5202	-11		0
20	464	0	0	-22	442	0.5026	222		464457.9
21	38	0	0	-22	16	0.4856	8		37531.95
22	0	0	0	-22	-22	0.4692	-10		0
23	0	0	0	-22	-22	0.4533	-10		0
24	0	0	0	-22	-22	0.4380	-10		0
25	42	0	0	-22	20	0.4231	9		42223.45
26	0	0	0	-22	-22	0.4088	-9		0
27	0	0	0	-22	-22	0.3950	-9		0
28	38	0	0	-22	16	0.3817	6		37531.95
29	0	0	0	-22	-22	0.3687	-8		0
30	704	0	0	-22	682	0.3563	243		703724.1
31	0	0	0	-22	-22	0.3459	-8		0
32	0	0	0	-22	-22	0.3358	-7		0
33	0	0	0	-22	-22	0.3260	-7		0
34	0	0	0	-22	-22	0.3165	-7		0
35	38	0	0	-22	16	0.3073	5		37531.95
36	0	0	0	-22	-22	0.2984	-7		0
37	0	0	0	-22	-22	0.2897	-6		0
38	0	0	0	-22	-22	0.2812	-6		0
39	0	0	0	-22	-22	0.2731	-6		0
40	464	0	0	-22	442	0.2651	117		464457.9
41	0	0	0	-22	-22	0.2574	-6		0
42	38	0	0	-22	16	0.2499	4		37531.95
43	0	0	0	-22	-22	0.2426	-5		0
44	0	0	0	-22	-22	0.2355	-5		0
45	188	0	0	-22	166	0.2287	38		187659.8

import lifecycle
add in capital profile
add in rev profile

46	0	0	0	-22	-22	0.2220	-5	0
47	0	0	0	-22	-22	0.2156	-5	0
48	0	0	0	-22	-22	0.2093	-5	0
49	38	0	0	-22	16	0.2032	3	37531.95
50	56	0	0	-22	34	0.1973	7	56297.93
51	0	0	0	-22	-22	0.1915	-4	0
52	0	0	0	-22	-22	0.1859	-4	0
53	0	0	0	-22	-22	0.1805	-4	0
54	0	0	0	-22	-22	0.1753	-4	0
55	0	0	0	-22	-22	0.1702	-4	0
56	0	0	0	-22	-22	0.1652	-4	0
57	0	0	0	-22	-22	0.1604	-4	0
58	0	0	0	-22	-22	0.1557	-3	0
59	0	0	0	-22	-22	0.1512	-3	0
60	0	0	0	-22	-22	0.1468	-3	0
	0							0
	2,426	0	1,735	-1,298	2,863	26.3753	2,094	

Equivalent Annual Charge Calculation

Lifecycle costs	2,426
Capital Receipts	-
Capital Expenditure	1,735
Revenue - Increase/(Decrease)	- 1,298
Net Cash Flow	2,863
NPV	2,094
Annualizing Factor	26.3753
Equivalent Annual Cost	79

Note vat is excluded from economic calculation

Capital charges are excluded from economic calculations

Equivalent Annual Charge Calculation

Lifecycle costs	2,702
Capital Receipts	-
Capital Expenditure	1,916
Revenue - Increase/(Decrease)	- 1,357
Net Cash Flow	3,261
NPV	2,353
Annualizing Factor	26.3753
Equivalent Annual Cost	89