

PRG(M)05/05
Minutes : 37 - 45

GREATER GLASGOW NHS BOARD

**Minutes of the meeting of the
Performance Review Group held at 9.00 a.m.
on Tuesday, 20 September 2005 in
the Conference Room, Dalian House,
350 St Vincent Street, Glasgow**

PRESENT

Mr A O Robertson OBE (in the Chair)

Mr R Cleland	Dr R Groden
Cllr. J Coleman	Cllr. J Handibode
Cllr. D Collins	Mrs S Kuenssberg CBE
Mr W Goudie	Mrs E Smith

OTHER NHS BOARD MEMBERS IN ATTENDANCE

Sir John Arbuthnott	Mr T A Divers OBE
Mr J Best	Cllr. R Duncan
Mr R Calderwood	Mr P Hamilton
Dr B Cowan	Mr G McLaughlin
Ms R Crocket	Mrs A Stewart MBE

IN ATTENDANCE

Mr P Gallagher	... Director of Finance, South Division
Ms J Grant	... Acting Chief Executive, North Division
Mr D Griffin	... Acting Director of Finance
Mr J C Hamilton	... Head of Board Administration
Mr D McLaren	... PricewaterhouseCoopers (to Minute 40)
Mr I Reid	... Director of Human Resources
Mr C Revie	... PricewaterhouseCoopers (to Minute 40)

ACTION BY

37. **APOLOGY**

An apology for absence was intimated on behalf of Ms R Dhir MBE.

38. **MINUTES**

On the motion of Mrs E Smith and seconded by Mr W Goudie, the Minutes of the Performance Review Group held on 16 August 2005 [PRG(M)05/04] were approved as an accurate record.

39. **MATTERS ARISING**

a) Annual Review

The Annual Review meeting was held with the Minister for Health and Community Care and members of the Scottish Executive Health Department (SEHD) Management Board on Wednesday, 31 August 2005. The meeting had gone well and once the formal notification on the outcome was received from the SEHD, the output would allow the completion of the 2005/06 Corporate Objectives.

b) Performance Management Arrangements

The draft proposals for the future performance management arrangements would be submitted to members at the October 2005 NHS Board Seminar.

c) Laboratory Automated Equipment – Managed Services

In relation to Minute 35 – Laboratory Automated Equipment – it was reported that the Managed Service Contract had been signed at the end of August 2005 following the approval of the Performance Review Group at its last meeting.

40. **OVERVIEW OF THE GOVERNANCE ARRANGEMENTS – NEW HOSPITALS – STOBHILL AND THE VICTORIA**

There was submitted a paper [Paper No. 05/21] from the Programme Director – Acute with which was attached a Project Review from the external auditors, PricewaterhouseCoopers on the governance arrangements for the new hospitals at Stobhill and the Victoria.

Mr Revie introduced the Report by stating that PricewaterhouseCoopers had previously examined the procurement process and had commented on the implications of the ‘single bidder’ process in letters of 8 August and 19 October 2003 and in a Report of April 2004. A further review had now been undertaken over the period May to July 2005 and the Report contained in Paper No. 05/21 summarised the outcome of that review.

The Performance Review Group had granted approval to the Preferred Bidder status in May 2005 and the offer was signed and agreed by the developer (Canmore Partnership) during June 2005.

The SEHD commissioned an external key stage review by Partnership UK (PUK) on the project. The Review was submitted in May 2005 and the NHS Board responded to the findings in June 2005 and thereafter written approval was received from the SEHD to allow progression to Full Business Case (FBC) on 30 June 2005. The intended submission date of the FBC to the SEHD was March 2006.

PricewaterhouseCoopers’ review was to ascertain what processes had been applied prior to the issue of the Preferred Bidder letter to the Canmore Partnership and to establish that processes in place were designed to demonstrate with clarity the affordability, fitness for purpose and value for money aspects of the project.

Mr Revie went on to highlight from the Report:-

- i) the Learning Points/Areas of Focus for the NHS Board;
- ii) that the processes implemented were undertaken in a planned and controlled manner with demonstrated areas of good practice;
- iii) the processes taken to establish the affordability of the project had been appropriate and assurances had been given by management on access to available development monies;
- iv) a robust process appeared to have been undertaken to ensure ‘fitness for purpose’ including the involvement of a clinical transition team and clinical representation on the Project Executive;

- v) the processes as designed and implemented by management represented relevant sources of comfort to enable the NHS Board to conclude on the value for money aspects of the project.

Risk adjustments to the Public Sector Comparator Model will require fuller justification at the FBC stage due to the application of risk factors that are on the high side compared to certain other projects. The alternative process to the Shadow Bid Model had seen the project pass the Preferred Bidder Stage. In view of the single bid nature of the project management had agreed to utilise the FBC submission to enhance the value for money aspects by:-

- a) justifying the level of risk applied to the Public Sector Comparator;
- b) creating a clear and unambiguous audit trail through the Public Sector Comparator Modelling and project scope changes;
- c) clarifying and demonstrating the approach to bid cost review and negotiation to demonstrate the commercial keenness of the original bid and benefits of the negotiation process.

Mr Revie concluded by thanking the officers responsible for the project for their open and frank discussions and assistance during PricewaterHouse's review.

This was viewed as a crucial piece of work which had set the agenda for the final stage of the approval process, the preparation of the Final Business Case (FBC). The level of reassurance in the Report was welcome but there were also challenges laid down in preparing the FBC which were inherent with a project this size and which carried single bidder status. There was a requirement therefore to ensure a greater degree of robustness in the processes followed as a consequence of the single bidder status of the project.

Mrs Smith commented that the attention to detail was significant in proceeding with a project that other public sector organisations across Scotland were watching. In response to a question from Cllr. Collins, Mr Divers advised that despite advertising the project in the European Journal and holding a well attended Bidders Day, only one expression of interest was received. In weighing up detailed market intelligence about proceeding with a single bidder or going back to the market to seek further expressions of interest, the NHS Board agreed to proceed with the single good quality bidder rather than risk losing a further year and maybe having no expressions of interest at a very vibrant time for PPP/PFI contracts across the UK. It was known that other potential bidders were already involved in other significant projects. Mr Revie also added that to look at it from a bidder's perspective, the initial investment could cost £4/5M with no guarantee of a contract.

There would be continued public interest in the single bidder approach and a greater level of scrutiny of all stages of the process. The PricewaterhouseCoopers' Report was a critical stage in the public accountability process and the lessons identified in the Report will be important in the next stages of the project.

In response to a question from Mrs Stewart, Mr Revie advised that PricewaterhouseCoopers would continue their role in monitoring the various stages of the project and ensure full scrutiny of the key stages.

Mr Calderwood reminded members of the proposals being developed for short-stay surgery facilities within the new hospitals. Once developed and agreed, inclusion into the new hospitals will see the costs rising to meet the additional services.

The draft FBC was well under way and would be presented to members in draft form in November 2005, with the aim of submitting the FBC to members in February 2006 for approval. There was regular contact with the Canmore Partnership, especially the designers – Balfour Beattie and securing the Preferred Bidder Status had been a significant stage for both the NHS Board and the Canmore Partnership.

DECIDED:

1. That the PricewaterhouseCoopers Report be received and the areas identified for future focus be applied in the preparation of the Final Business Case.
2. That a draft FBC be submitted in November 2005 and the FBC in February 2006.

**Programme
Director – Acute**

**Programme
Director – Acute**

41. SOUTH WEST GLASGOW – MENTAL HEALTH COMMUNITY SERVICES – RESOURCE CENTRE

There was submitted a paper [Paper No. 05/22] by the Acting Chief Executive, Primary Care Division, seeking approval to the release of capital funds to develop community-based accommodation in South Glasgow for the provision of mental health services for older people.

Ms Crocket advised that the proposal was fully consistent with the NHS Board's strategy for the modernisation of mental health services and the facility would adjoin both Elderpark Clinic and Govan Health Centre and would share a joint reception area allowing a single point of public access to the service facilities. It would establish co-location of older people's services for social work, primary care and mental health services within the extended site.

Cllr. Handibode sought clarification of the revenue consequences of the project and Ms Crocket advised that the figure should have been £150,000 per annum for the accommodation costs.

DECIDED:

That the expenditure of £2.1M of capital (£400,000 in 2005/06 and £1.7M in 2006/07) to develop community-based accommodation in South West Glasgow for the provision of mental health services for older people, be approved.

**Acting Chief
Executive – PCD**

42. ACUTE SERVICES PROJECT – PROPOSAL FOR COMMITMENT OF CAPITAL FUNDING

There was submitted a paper [Paper No. 05/23] from the Programme Director – Acute seeking approval to commit £1.932M of capital funds to procure the services of Technical Advisers to assist in the development of a new South Glasgow Hospital as part of Phase 2 of implementing the NHS Board's Acute Services Strategy.

The NHS Board advertised for expressions of interest in the provision of Technical Advisory Services for the South Glasgow Hospital project – this would embrace project management, architecture, engineering and healthcare planning services. Five bids were received following the OJEC procurement process and following evaluation of the bids, three firms were subject to full assessment by the Evaluation Panel taking into account:-

- i) track record;
- ii) approach to the project;
- iii) scope of service provision;
- iv) understanding the requirements (which included interview and provision of follow-up information).

The conclusion reached was that the bid from Davis Langdon offered the best overall value for money. The Performance Review Group was being asked to approve the capital expenditure to appoint Davis Langdon as Technical Advisers.

Mr Calderwood advised that the contingency of £200,000 to cover the potential of additional hours/services which may be required as the project entered its final stages was not to be considered automatic expenditure. Any use of the contingency fund would be tightly controlled and was to assist the Project Team manage the overall project within the capital allocation.

The development of the Outline Business Case (OBC) for the new South Glasgow Hospital would be influenced by the final determination of the bed modelling exercise currently under way. The SEHD had asked that the OBC include the final bed disposition, service re-design, workforce planning and clinically approved services with appropriate pathways.

The Bed Capacity Group was meeting shortly to conclude the bed modelling proposals and liaise with clinical staff on the likely final disposition of acute beds.

Cllr. Handibode enquired if the £1.932M formed part of the overall capital cost of the new hospital development which was expected to be in the region of £400M. Mr Calderwood advised that the proposed £400M related to construction costs and the £1.932M was contained in the NHS Board's approved Capital Plan for this and next year.

DECIDED:

That £1.932M of capital funds to appoint the services of Technical Advisers to assist the NHS Board to design and develop the new South Glasgow Hospital as part of Phase 2 of implementing the Board's approved Acute Services Strategy, be approved.

**Programme
Director - Acute**

43. NATIONAL SHARED SERVICES PROJECT – LOCATION OF SHARED SERVICES HUB

Mr D Griffin, Acting Director of Finance, reported that as part of the National Shared Services review of payroll financial services and procurement, it had been intimated that two hubs would be created to carry out on an NHS Scotland-wide basis the Payroll and Financial Services/Procurement Functions.

Bids were to be submitted by 11 November 2005 and one of the factors was that the location of the hub should be in an area of deprivation.

It was proposed to submit a joint bid with NHS Argyll and Clyde for the Financial Services and Procurement hub. In informing the Performance Review Group of this process, Mr Griffin advised that discussions were planned with the Area Partnership Forum to ensure staff interests were well represented.

**Acting Director of
Finance**

NOTED

44. TENDER REPORT – WAITING TIMES PROPOSAL – PRIVATE SECTOR

There was submitted a late paper [Paper No. 05/24] by the Chief Executive, South Glasgow Division, on the outcome of the tender exercise to utilise capacity within the private sector to meet the waiting times targets. The initiatives were to be completed by 30 November 2005.

An invitation to tender was issued to three private sector bodies on 29 August 2005 with a closing date for proposals by 12 September 2005. All three firms returned bids.

Specific issues were highlighted from each submission and all three tender submissions highlighted the need for rapid access to patient case notes to deliver the completion date of all cases by 30 November 2005.

The proposed distribution of activity across all three tenderers was set out for members and the tendering process had delivered a price reduction of £52,000 against the original expectations. The tender had been reviewed by representatives from the North and South Divisions and the proposed distribution of cases to all three tenderers was based on the requirement to meet the 30 November 2005 target and the necessary administrative and clinical links between the NHS and the private sector suppliers.

Mr Goudie enquired about the arrangements for indemnity and the reporting of any clinical incidents. This would follow previously agreed arrangements with the private sector and external reviews were undertaken in the private sector as well as the NHS. The process would also see a robust selection policy by which patients would be referred under this initiative.

Mr Cleland asked about staffing and the impact on the NHS. Mr Calderwood advised that a condition of the contract would be that existing NHS services would not be adversely affected by the awarding of these contracts.

There would be a further review of the patients on the waiting list for Yorkhill and plans put in place to deal with the eventual number to ensure that the national waiting time target of all patients waiting no more than 6 months by December 2005 be achieved.

DECIDED:

1. That the 'Invitation to Tender' documentation be noted.
2. That the three tender submissions received be noted.
3. That the proposed distribution of capacity across the three tendering organisations (and the resultant financial implications) be noted.
4. That the three tenders and proposed distribution at a total cost of £1,892,458 be approved.

**Chief Executive –
South Division**

45. DATE OF NEXT MEETING

The next meeting of the Performance Review Group would be held at 9.00 a.m. on Tuesday, 15 November 2005 in the Conference Room, Dalian House, 350 St Vincent Street, Glasgow (and to be followed by an NHS Board meeting at 10.30 a.m.).

The meeting ended at 10.20 a.m.