

GREATER GLASGOW NHS BOARD

**Minutes of the meeting of the
Performance Review Group held at 9.30 a.m.
on Tuesday, 17 May 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
Mrs E Smith	

OTHER NHS BOARD MEMBERS IN ATTENDANCE

Sir John Arbuthnott	Ms R Crocket
Mr J Best	Mr T A Divers OBE
Mr R Calderwood	Mrs A Stewart

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 A McLaws	...	Director of Corporate Communications
Mr I Reid	...	Director of Human Resources
Ms C Renfrew	...	Director of Planning and Community Care

IN ATTENDANCE TO MINUTE 24

Mrs J Stewart	...	Ernst & Young
Mr M McVeigh	...	Ernst & Young
Mr D McLaren	...	PricewaterhouseCoopers

ACTION BY

21. **APOLOGIES**

Apologies for absence were intimated on behalf of Dr B Cowan and Mr W Goudie.

Cllr. Handibode expressed concern at receiving the papers the day before the meeting and he had hoped that having raised this issue before, it would not have been repeated. The reason for the delay in distributing the papers would be investigated.

Chief Executive

22. **MINUTES**

On the motion of Mr R Cleland and seconded by Dr R Groden, the Minutes of the Performance Review Group held on 15 March 2005 [PRG(M)05/02] were approved as an accurate record.

23. **MATTERS ARISING**

a) Performance Management Arrangements

The Chief Executive reported that the evolving governance arrangements for single system working would be discussed with members at an NHS Board Seminar on 7 June 2005. The suggested performance management arrangements would be submitted to members at a later date.

**Chief Executive/
Director of
Planning &
Community Care**

b) Annual Review

The Chief Executive advised that the final update against the Action Plan would be submitted to a meeting of the Group to be arranged in July/August 2005.

Chief Executive

This year's Annual Review was planned for 31 August and would be held in public with a Minister of the Scottish Executive chairing the business meeting. As in the previous year, the Scottish Executive Health Department (SEHD) officials would meet with the Area Partnership Forum and Area Clinical Forum in the morning of the Annual Review and feed back the outcome of these discussions to the business meeting.

24. **ACAD PROCUREMENT – VALUE FOR MONEY AND AFFORDABILITY**

Mrs Kuenssberg declared an interest in this matter and left the room.

There was submitted a paper from the Programme Director – Acute Services [Paper No. 05/13] on the assessment undertaken by the Project Team with regard to value for money and affordability of the Ambulatory Care Developments.

In introducing the paper, Mr Calderwood introduced the three presentations from:-

- Mrs J Stewart and Mr M McVeigh, Ernst & Young, the NHS Board's Financial Advisers on the value for money analysis of the Project.
- Mr P Gallagher, Director of Finance, South Glasgow Division, on the affordability issues of moving to Preferred Bidder status.
- Mr D McLaren, PricewaterhouseCoopers, the external auditors who were asked to provide assurances on the processes followed and the governance of these arrangements.

Mr Calderwood reminded members that this was a key stage of the Project in terms of being satisfied on value for money and affordability to allow the Project to move on to the next stage of Preferred Bidder status. The following had to be considered:-

- i) that based on the Bidder proposals, the project was affordable for the Board (based on review of the first full year's Unitary Payment and ongoing Unitary Payments thereafter);
- ii) that the related impact on the health economy/areas outside the PPP was affordable over the life of the project;
- iii) that risk transfer and Value for Money (including the Soft FM provision in-house and single bid process) were demonstrated to be robust and had been ratified by the Board;

- iv) that internal risks to deliver the project to financial close (as identified in the internal risk management register) would be continually reviewed, updated and actioned.
- v) that Key Stage Review recommendations would be actioned.

Cllr. Collins sought assurance as to the process followed given that there were no competitive bidders. Mrs Stewart commented upon the positive feedback from the SEHD on the rigorous approach being taken with a single bidder to ensure value for money and the NHS Board had taken a decision almost 2 years ago to proceed with the single bid based on the advice given at that time about the market conditions and the number of PFI projects coming on stream.

Cllr. Handibode asked for a fuller explanation of the risks highlighted by Ernst & Young. Mr McVeigh outlined the basis on which the public sector comparator had been prepared and advised that there was a small risk associated with integrating different buildings and services into one site and the NHS Board would need to manage that process. The risk did not adversely affect the analysis on value for money.

Mr Cleland asked about moving to the Preferred Bidder status and the connections required between the different parties to the consortium. Mr McVeigh confirmed that the connections and clear lines of responsibility were of critical importance and the building contractor's role would be crucial to the overall Project. These had been fully addressed within the documentation.

Mrs A Stewart sought clarification on the 'Off Balance Sheet' status of the project and was reassured that the model conformed to all the requirements to achieve this. Mrs J Stewart emphasised that the Project was heading in the right direction, all parties had agreed the key principles and the Preferred Bidder process was now a better and more rigorous process than had been the case with previous projects. Monitoring was an important part of the assurance/control environment.

In terms of the delegation from the NHS Board to the Performance Review Group (PRG) to determine these matters, the PRG were satisfied with the value for money aspects of the project, taking account of the land issues, equipment arrangements and further divisional efficiencies to be determined. The PRG would review all those elements as part of the Final Business Case and at Financial Close and were keen to proceed subject to these agreed principles being reviewed and met at that time. On this basis, the PRG

DECIDED:

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| 1. That the project was considered value for money. | Programme Director – Acute |
| 2. That the land issues be taken outwith the construct of this funding package. | Programme Director - Acute |
| 3. That the working assumption of 80% new equipment and 20% transfer be agreed. | Programme Director - Acute |
| 4. To note the additional divisional efficiencies obtained. | Programme Director - Acute |
| 5. That the funding package be increased by £363,000. | Programme Director - Acute |
| 6. That subject to the completion of the Key Stage Review with the Scottish Executive Health Department, the designation of the Consortium as the Preferred Bidder, be approved. | Programme Director - Acute |

7. To delegate authority to the Chief Executive to conclude negotiations, note the mandatory variant bid passed value for money tests and confirm affordability within an additional cost of £300,000 to £500,000 per annum.

Chief Executive

Mrs Kuenssberg returned to the meeting.

25. **BEATSON ONCOLOGY CENTRE – CLINICAL LABORATORIES AND LEUKAEMIA RESEARCH FUND CENTRE – BUSINESS CASE**

There was submitted a paper from the Programme Director – Acute and Chief Executive [Paper No. 05/14] seeking approval to the Business Case for the provision of the Beatson Oncology Centre Clinical Laboratories and Leukaemia Research Fund Centre.

This was a joint collaboration between the NHS Board and the University of Glasgow with the Leukaemia Research Fund (LRF) providing significant charitable funding to the University of Glasgow to support the proposal.

The development of the Centre on an undeveloped part of the site at Gartnavel General Hospital was in the first phase of the NHS Board's Strategy for the provision of Laboratory Services. The City Council gave detailed planning permission for the Centre in August 2003 and the Business Case showed that the Centre was affordable and demonstrated value for money. The costs are set out below:-

Capital - The capital contribution from the NHS Board was £5.745 million phased over 2005-08, the total cost is £7.771 million: £2.026 million was to be funded by the LRF and the University of Glasgow.

Revenue - The scheme requires an additional £343,000 in revenue in the early years, reducing to £323,000 in 2012. These extra costs would be met from the cost reductions to be achieved through the wider reconfiguration of laboratory services outlined in the Laboratory Strategy for NHS Greater Glasgow.

This proposal was subject to further agreement with the University of Glasgow, on the basis that NHS Greater Glasgow would finance the build in the interim and, once completed, a floor of the building would be sold to the University at cost price.

NHS Greater Glasgow had delegated authority from the SEHD to approve non IM&T Capital Schemes up to £10 million.

DECIDED:

That the Business Case for the Beatson Oncology Centre Clinical Laboratories and Leukaemia Research Fund Centre to be constructed alongside the Scottish National Blood Transfusion Centre on the Gartnavel General Hospital site, be approved.

Programme Director – Acute/Chief Executive

26. **COMMUNICATIONS**

There was submitted a report from the Director of Corporate Communications [Paper No. 05/15] on the range of communications issues which had taken place since the last Performance Review Group meeting (covering the period 15 March to 17 May 2005).

Mr McLaws reported on the introduction of a new NHSGG-wide 'Core Brief' staff communication which would be a proactive and frequent staff communications system. Steps were well under way to launch a single Intranet system for NHSGG (Staff Net) and the Communications Directorate was almost completely in place and working as a single team.

The report included an analysis of the media coverage for the first three months of 2005 and covered national and local newspapers and BBC coverage. NHSGG had generated 327 items in mainstream print media; 827 mentions in print with 71% factual, 15% adverse and 14% beneficial.

Arrangements were being worked up to hold the third 'Our Health' event on 31 August at the Royal Concert Hall and focusing on modernising the NHS Board's acute hospitals and services.

Cllr. Collins was keen to see a continuation and extension of the joint working and sharing of information between the NHS Board and the Local Authorities.

Members were keen that a consolidated report on the Communications structure be submitted to the NHS Board at a later date. Mr McLaws agreed to produce a full report for a future NHS Board meeting.

**Director of
Corporate
Communications**

NOTED

27. DATE OF NEXT TWO MEETINGS

- i) An additional meeting would be arranged in July/August 2005 – a date would be communicated to members shortly.
- ii) The next regular meeting was 9.30 a.m. on Tuesday, 20 September 2005 in the Board Room, Dalian House, 350 St Vincent Street, Glasgow.

**Head of Board
Administration**

The meeting ended at 11.05 a.m.