

NHS Board Meeting
Tuesday, 24 February 2008

Board Paper No. 09/07

Director
East Renfrewshire CHCP

Full Business Case – Barrhead Health & Social Care Centre

Recommendation

The Board is asked to:

- Approve the Full Business Case ('FBC') for Barrhead Health and Social Care Centre for submission to the Scottish Government Health Directorate's Capital Investment Group ('CIG').

1. Purpose

1.1 The purpose of this paper is to:

- Obtain approval of the Barrhead Health and Social Care Centre FBC, and
- Provide an update on the expected timetable for the development.

1.2 The Executive Summary from the FBC is enclosed and a full version of the FBC is available for Members to examine at the Board Meeting.

2. Background

2.1 The current Barrhead Health Centre was opened in 1981 and has received no significant investment since. Space is severely restricted and this has hampered the development of more locally-based services.

2.2 Social Work teams from 3 surrounding properties which are either not fit for purpose or due for demolition require relocation.

2.3 A site has been identified as suitable for a new-build multi-purpose facility for Health and Social Care services. The FBC seeks approval for this development.

2.4 Agreement has been reached between the Scottish Government and NHS Greater Glasgow & Clyde that £15m (around 50%) of the funding for this development and that of the Renfrew Health &

Social Work Centre would be provided by the Scottish Government, with the remaining funds being provided through NHS Greater Glasgow & Clyde's capital programme and a capital contribution from East Renfrewshire Council

- 2.5 This agreement was reached on the understanding that both NHS Greater Glasgow & Clyde and the Scottish Government would seek to replace the Greater Glasgow funding from the proceeds of the future sale of property within the former Clyde area of the Board's responsibilities.
- 2.6 The Outline Business Case ('OBC') was approved by PRG at its meeting on 20 March 2007. The FBC identifies an NHS capital expenditure requirement of £14.17m & an ERC capital expenditure contribution of £ 2.93m. The resultant combined capital expenditure of £ 17.1m indicates a slight favourable variance from the figure identified in the OBC.
The expected additional revenue requirement has fallen from £880k to £876k from OBC to FBC.
- 2.7 Provision for both revenue and capital implications of the development have been made within NHS Greater Glasgow & Clyde's financial plans.

3. Approval and Timetable

- 3.1 The FBC is scheduled for consideration by the Scottish Government Capital Investment Group ('CIG') at its meeting on 3 March 2009.
- 3.2 The timetable for this development is set out in the table below:

Event	Date
NHS Board approval of FBC	Feb 2009
CIG approval of FBC	Mar 2009
Contract Award	Apr 2009
Commencement of Construction	May 2009
Commissioning Complete	Nov 2010
Service Transfer Complete	Dec 2010

Recommendation:

The Board is asked to:

- Approve the Full Business Case ('FBC') for Barrhead Health and Social Care Centre for submission to the Scottish Government Health Directorate's Capital Investment Group ('CIG').

Julie Murray
Director East Renfrewshire CHCP



The Modernisation and Re-design of Primary, Community Health and Social Care Services Facilities for Barrhead

Full Business Case

CONTENTS

Contents

1	Executive Summary.....	2
2	Strategic Context.....	Error! Bookmark not defined.
3.	Review of the Outline Business Case	Error! Bookmark not defined.
4.	The Preferred Solution	Error! Bookmark not defined.
5.	Financial Appraisal and Affordability	Error! Bookmark not defined.
6.	Economic Appraisal/Value for Money Analysis	Error! Bookmark not defined.
7.	Risk Analysis	Error! Bookmark not defined.
8.	Summary of the Contract Structure	Error! Bookmark not defined.
9.	Project Management Arrangements.....	Error! Bookmark not defined.
10.	Benefits Realisation Plan.....	39
11.	Risk Management Strategy	Error! Bookmark not defined.
<u>12.</u>	<u>Post Project Evaluation</u>	<u>48</u>
13	Information Management and Technology Strategy	Error! Bookmark not defined.
14	Equipment	Error! Bookmark not defined.
15	Personnel Issues	Error! Bookmark not defined.
16	Conclusion	55
17	Appendices	

Appendix A – Forms FB1-4

Appendix B – Schedule of Accommodation.

Appendix C – Site Plans/Drawings

Appendix D – Risk Register

Appendix E –Tender Report Result Recommendation

Appendix F – Financial & Economic Appraisal

Appendix G –Detailed Project Management & Contract Administrator’s Duties

Appendix H –Optimism Bias Calculation.

Appendix J – Non Financial Risk Appraisal of Options

Executive Summary

1.1. Project Background and Objectives

- 1.1.1. NHS Greater Glasgow and Clyde approved the Outline Business Case for the “Modernisation and Re-design of Primary and Community Health and Social Care Services and Facilities in Barrhead” in March 2007. The OBC was subsequently approved by the Scottish Government Capital Investment Group in May 2007. The preferred solution identified in the business case was for the provision of a new build multi-purpose development in Barrhead for health and social work services on a site owned by East Renfrewshire Council.
- 1.1.2. This Full Business Case explains how the preferred solution will be implemented and how it can best be delivered.
- 1.1.3 This FBC has been developed by East Renfrewshire Community Health and Care Partnership. The partnership is between NHS Greater Glasgow and Clyde and East Renfrewshire Council. The FBC is a response to the needs of the partnership for accommodation which is fit for purpose for both health and care services.

The development is a significant opportunity for the development of primary care and community-based services alongside social care services

The service objectives for the project are:

- Facilitation and integration of effective Health and Social Work Services.
 - Promotion of a patient/person centred service.
 - Meeting local needs with easy and equitable access to services.
 - Supporting the retention and recruitment of staff.
 - Delivery of a high quality of physical environment for service users, patients and staff for both organisations.
 - Facilitating the introduction of new ways of working and in particular effective collaborative/partnership working, including optimising use of shared space wherever possible
 - Provision of a flexible and adaptable property solution.
 - Addressing health inequalities.
 - Making more effective use of resources.
 - Supporting and promoting "improved working lives".
- 1.1.4 By implementing the preferred option, NHS Greater Glasgow and Clyde and East Renfrewshire Council would expect the achievement of these objectives to benefit patients, social work service users, professional staff and the general public by:
- Providing access to seamless care through the co-location of a wide range of services including Home care and Social Work teams in a Primary care setting in line with the objectives of Better Health, Better Care, the policies of NHSGG&C and the objectives of East Renfrewshire CHCP.
 - The design of the building will give enhanced opportunity to promote new ways of

working and foster flexibility and versatility. This will also enable a maximisation of the work that can be most effectively carried out in primary care, joint working between health professionals and joint working across agencies in line with key national strategies for primary care and community services such as Better Health, Better Care, Partnership for Care, the Joint Future Initiative and HEAT targets.

- In so doing the development will enable all Barrhead residents to have improved access to core primary care services and community health services in the appropriate setting which is designed to deliver them.
- Promoting sustainable services which satisfy the needs of the population. The high quality facilities will strengthen our ability to recruit and retain high quality staff.
- The location of the new Centre and the additional services co-located within it will improve patient access to services in terms of both convenient physical access and timeliness due to extra capacity in a range of services.
- It will provide for the replacement of current service models with a “one stop multilevel” approach to the organisation and delivery of primary health and social work services.

1.2. Preferred Solution

1.2.1. The preferred solution is a new build multi-purpose development in Barrhead for health and care.

1.3 Capital Cost

1.3.1. Capital costs for the new development are noted in the table below (Figures include VAT, where non-recoverable) FB1-4 forms are included within Appendix A.

Capital Cost	NHS	Council	Total
	£,000	£,000	£,000
Works Cost	10,763	2,664	13,427
Fees	1,292	323	1,615
Other			
Sub-Total	12,055	2,987	15,042
Land	71		71
Equipment	1,076	214	1,290
Sub-Total	13,202	3,201	16,403
Optimism Bias	971	242	1,213
Total Project Cost	14,173	3,443	17,616
VAT Reclaim		-511	-511
Revised Total	14,173	2,932	17,105

1.3.2. The Council contribution is net of VAT recovery of £511K as shown in the table above and the Council has confirmed the basis of this recovery.

1.3.3. Works cost have been based upon tendered bids submitted by the preferred contractor, together with a reasonable assessment of planning contingencies and optimism bias risk, where these can be quantified.

1.3.4. Funding for the NHS share of capital costs will come from the Board’s general capital resources (50%) with SGHD providing additional capital resources (50%) for the

remaining capital cost. The funding allocated by SGHD is provided on the understanding that the Board will reimburse SGHD, at some future date, out of the capital receipts to be realised from the disposal of surplus land in the Clyde area of the Board's responsibilities.

The Board's Capital Plan makes provision for the resources to implement the project.

1.4. Revenue Implications

1.4.1. The revenue implications of the new development are shown within the table below. This shows that there has been minimal change in the estimated revenue costs of the Health Centre from OBC to FBC.

The floor space has increased by 7% from OBC and the effect of this has been offset by the reduction in construction costs/m², reflecting the current market conditions.

The Memorandum of Agreement between NHSGG&C and ERC reflects that the ownership of the building will be split 80% NHS and 20% ERC. This is reflected in the fact that the Council are making a £3M capital contribution to the construction costs of the building and means that the recharge to ERC is restricted to the cost of servicing the building inc. rates, heat, light and power etc.

Revenue Costs –Comparison to OBC

Revenue Costs	OBC	FBC	Comment
	£,000	£,000	
Capital Charges			
Net Increase in Cap Charges	739	713	
Area m2	5,371m2	5,754m2	
Facilities Costs			
Cleaning	116	154	
Rates	231	89	
Heat, Light & Power	58	78	
Maintenance	133	139	
Caretaker & Receptionist	45	45	
Telephone	62	36	
Facilities Sub-Total	645	541	
Facilities cost current HC	(267)	(209)	
Facilities Costs increase	378	332	
Recharged to ERC	(131)	(112)	
Recharged to GP'S&GDP	(106)	(57)	
Net Facilities cost increase	141	163	
Total Increased costs to NHS	880	876	

1.4.2. The Revenue consequences in the FBC are comparable with those identified in the OBC. The Board recognises the Revenue consequences and have incorporated them in the Local Health Plan.

1.4.3. The initial agreement noted NHSGG&C's expectation that the additional revenue funding should be covered following the same approach as used to fund Renfrew Health Centre step up costs, with SGHD providing funding for 50% of the additional revenue costs for an initial 3 year period and NHSGG&C providing 50% for an initial 3 years period then 100% for year 3 onwards.

1.4.4. This FBC has been submitted to the NHS Board for approval at its 24 February 2009 Board meeting.

1.5. Affordability Assessment

1.5.1. The impact on NHS Greater Glasgow & Clyde's balance sheet and operating cost statement is noted above. The cash flow profile for revenue and capital between 2008/09 and 2011/12 is outlined in the table below:

Financial Year	NHS Capital £000	NHS Additional Revenue £000
2008/09	900	16
2009/10	7,193	56
2010/11	6,080	370
2011/12	0	876
Total	14,173	
ERC capital contribution less VAT reclaim	2,932	
Revised Total	17,105	

1.5.2. Provision for the revenue and capital costs of the project have been made within the NHSGG&C financial plan which takes account of the capital and revenue funding contributions anticipated from SGHD.

1.6. Economic Appraisal

1.6.1. At the Outline Business Case stage, the capital and buildings related revenue costs of the options were used to carry out an economic appraisal using discounted cash flow techniques. The OBC was predicated on the basis that the NHS owned 100% of the new building. This has now changed to 80% NHS owned and 20% ERC owned. The economic appraisal of the OBC figures for the preferred option has been updated to reflect this change.

1.6.2. At the time of the OBC the preferred option was shown to have the lowest NPV over a 60 year period. The NPV at FBC on this option is £23.821m compared to the updated NPV on the OBC, reset to reflect the revised ownership, at £25.258m. The main explanation for this small reduction is a reduction in the level of anticipated capital spend which in turn is explained by the prevailing market conditions.

1.7. Project Management, Project Milestones and Timetable

1.7.1. The Project Director for this project is the Head of Health and Community Care for East Renfrewshire CHCP. Key responsibilities are:

- overseeing the preparation of the business case
- budget
- structure
- communication
- appointing a Project Sponsor/Manager
- terms of reference
- progress and reporting procedures including in project reviews and post project evaluation

1.7.2. The Project Director has the status and authority to provide the necessary leadership and must have clear accountability for delivery of the project requirements in accordance with the approved cost, time and quality parameters.

1.7.3. The Project Director will also:

- Chair and direct the Project Board
- Approve all changes to the scope of the project and ensure adequate resources are available

1.7.4. The Project Manager is a Senior Project Manager from NHS GG&C Capital Planning & Procurement department. Key responsibilities in this role are:

- Represents and has the authority of the client in respect of the specific scheme. All instructions given by the Project Manager are deemed to be approved by the client.
- Is responsible to the Project Director for the development of the Business Case, output specifications, evaluation criteria, project execution plan, manage the project budget and change control process within the approved limits.
- Provides the focal point for all client contact with Contract Administrator, contractors and technical consultants providing approvals and decisions as necessary.
- Ensures the project is completed and implemented through a managed and timely process. Manage the Post Project Evaluation of the scheme.

1.7.5. Full details of the duties of the Project Manager and the Contract Administrator are contained in Appendix G.

1.7.6. Project Milestones and Timetable

The key dates for the project are indicated in the following table:

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NHS Board approval of FBC	Feb 2009
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Contract Award	Apr 2009
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