

NHS Board Meeting
Tuesday, 17th December 2013

Board Paper No. 13/56

Report of the Project Director / Director of Facilities and Capital Planning - Designate

New South Glasgow Hospitals Development - Re-Provisioning of Office Accommodation

Approval of Full Business Case (FBC)

Recommendation(s):- The Board approve the content of the FBC with a recommendation to proceed with the new office accommodation option and subsequent submission to the Capital Investment Committee, Scottish Government on 20th December for formal approval in January 2014.

1. Introduction:

The Scottish Government approved the Outline Business Case at its Capital Investment Group (CIG) meeting held on 5th November 2013. Subsequently, the Board was invited to prepare and submit a Full Business Case (FBC) in support of the new office accommodation building.

The FBC has been completed in accordance with the guidelines set out in Scottish Capital Investment Manual (SCIM) - Business Case Guide published by the Scottish Government.

In preparing the FBC, the assumptions and options of the OBC have been reviewed resulting in a recommendation that a new build office accommodation option is significantly preferable to the refurbishment of the retained estate. The results of the benefits analysis of both options is tabulated below:

Benefit Criteria	Weight	Option 1: Retained Estate		Option 2: New Office Block	
		Score	Weight X Score	Score	Weight X Score
Provision of an administrative workspace to support staff in carrying out their clinical duties.	20	10	200	10	200
Provides fit for purpose accommodation e.g. quiet spaces, break out areas.	20	2	40	10	200
Supports the clinical migration of clinical services from the 4 transferring sites.	15	1	15	10	150
Allows good communication and co-location of team members and between teams.	10	5	50	10	100
Provides efficient sustainable accommodation minimising ongoing revenue costs, for example heat, light & power.	20	1	20	9	180

Allows rapid access to admin workspace from clinical work area, reducing travel time between clinical area and workspace.	5	6	30	8	40
Meets national guidance	10	2	20	10	100
TOTAL			375		970

The financial options appraisal also concluded that the development of the office is more economical in terms of capital investment:

- Capital Investment in Retained Estate: £42.623 (Refer to OBC)
- Capital Investment in New Office Development: £20.764M

2. Advantages of the New Office Accommodation Building

Examples of the advantages of the new office accommodation will deliver include:

- ❖ A 21st century office to support staff in carrying out their duties efficiently and effectively;
- ❖ A modern, fit for purpose, high technological environment with access to natural daylight;
- ❖ Excellent co-locations of specialty teams enhancing communication and encouraging more collaborative cross functional working;
- ❖ A facility which will meet the needs of staff providing: work space, access to Wi-Fi, quiet space to facilitate confidential conversations, meetings rooms and space for social interaction and rest; and
- ❖ An eco efficient facility aiming for "BREEAM Excellent" status which will contribute to the Health Board meeting the national HEAT target in reducing carbon emissions;
- ❖ The new office will provide 1,200 workstations with an additional 110 flexible breakout spaces.

3. Target Price:

The final Target Price has been agreed with the Principle Supply Chain Partner (BAM Construction Ltd) and is summarised below:

Table showing Capital Costs

	New Build Option
	£'000
CAPITAL COSTS	
Construction costs	13,511
Contingencies	320
Prelims	1,352
Construction total	15,183
PSCP Fees	1,151
Total Construction cost before VAT	16,334
Risk Register allowance	447
Total Capital costs Including Risk before VAT	16,781
VAT.	3,356
Boards Advisors & Statutory Planning	339
Equipment Cost including VAT	88
IT Equipment Cost including VAT	200
Total Capital costs Including Risk & VAT	20,764

4. Capital Expenditure and Revenue Forecast

A forecast on capital and revenue expenditure for the new office accommodation have been tabulated below:

	New Build Option				
	2013/14	2014/15	2015/16	2016/17	Total
	£'000	£'000	£'000	£'000	£'000
Capital & Revenue Spend Profile					
CAPITAL COSTS Incl VAT					
Construction costs incl Risk & PSCP fees	1,861	16,710	1,030	0	19,601
Board's Advisor & Statutory Fees	139	200	0	0	339
Risk Register	0	0	536	0	536
Equipment	0	288	0	0	288
Total Capital Costs	2,000	17,198	1,566	0	20,764
	2013/14	2014/15	2015/16	2016/17	
	£'000	£'000	£'000	£'000	
REVENUE COSTS					
Depreciation on Building			389	519	
Depreciation on Equipment			13	18	
Depreciation on IT Equipment			30	40	
HL&P			198	216	
Rates			166	181	
Domestics			119	129	
Total additional recurring revenue costs	0	0	915	1,103	

5. Strategic Risk Identification and Mitigation

The table below includes identified strategic risks and mitigations:

Description	Mitigation
Business Risks	
Financial	Robust business case & procurement process.
Regulation	Encompass current legislation.
Environmental	Early sustainability briefing and Planning consultation.
Quality	Detailed briefing & monitoring.
Procurement method	Adopt NHS Framework Scotland.
Organisational	Agreed early project management framework and delegated authority limits.
Service Risks	
Technical	Employ strict change control management processes.
Cost	Employ strict change control management processes.
Programming	Employ strict change control management processes.
Operational support	Control service User input effectively.
Resource	Adequate resources have been identified and dedicated team aligned.
External Environmental Risks	
Ground Conditions	Comprehensive site investigations have already taken place for the Teaching and Learning Facility which is currently being built within the same site.
Neighbouring Disturbance	Manage with appropriate communication.