

NHS Greater Glasgow & Clyde



New Gorbals Health and Care Centre



**Outline Business Case
April 2015**

1	EXECUTIVE SUMMARY	5
2	INTRODUCTION	15
3	STRATEGIC CASE	18
4	ECONOMIC CASE	46
5	SUSTAINABILITY CASE	63
6	COMMERCIAL CASE	65
7	THE FINANCIAL CASE	76
8	MANAGEMENT CASE	94
9	GLOSSARY OF TERMS	110

Appendix Ref	Title
A	Initial Agreement Approval Letter
B	GCC Commitment
C	Equality Impact Assessment
D	Risk Register
E	Economic & Financial appraisal
F	Performance Scorecard
G	BREEAM
H	Design Reports
I	Schedule of Accommodation
J	Design Statement
K	HAISCRIBE
L	Programme
M	Communication & Engagement Plans

Table	Description
Table 1	Non -Financial Appraisal Analysis
Table 2	VFM Analysis
Table 3	Initial Capital Costs
Table 4	Cost of Preferred Option
Table 5	Programme
Table 6	OBC Structure
Table 7	Life Expectancy statistics
Table 8	Alcohol & Drugs statistics
Table 9	Mental Health statistics
Table 10	Hospital Admissions
Table 11	Child Health
Table 12	Investment Criteria
Table 13	PAMSA
Table 14	Business Scope
Table 15	Benefit Criteria
Table 16	Critical Success Factors
Table 17	Long list
Table 18	Short list
Table 19	Weighted Criteria
Table 20	Options Scoring Scale
Table 21	Benefits Appraisal Weighted Scores
Table 22	Critical Success Factors Appraisal
Table 23	Initial Capital Costs
Table 24	Value for Money Appraisal
Table 25	Probability & Impact
Table 26	Traffic Light rating
Table 27	Key Risks
Table 28	Staff Numbers
Table 29	Risk Allocation
Table 30	Recurring revenue costs
Table 31	UC split

Table	Description
Table 32	Sources of revenue funding
Table 33	Summary revenue position
Table 34	Capital costs and associated funding
Table 35	Current finance assumptions
Table 36	Subordinated debt
Table 37	Senior debt
Table 38	Financial model key inputs/ outputs
Table 39	Capital contribution
Table 40	Project Programme
Table 41	Project Management Arrangements
Table 42	Post Project Evaluation - Stages

Figure	Description
Figure 1	Clinical Services Review Service Model
Figure 2	BME Population
Figure 3	Project Governance
Figure 4	Hub Governance Structure

1 Executive Summary

1.1 Introduction

This document has been prepared by NHS Greater Glasgow and Clyde (NHS GGC) who seek approval for funding to provide a new Health and Care Centre to enable and facilitate fundamental change in the way in which health and care services are delivered to the people of the Greater Gorbals area in South Glasgow.

1.1.1 Outline Business Case for New Gorbals Health and Care Centre

NHS GGC presented an Initial Agreement (IA) document, '**Redevelopment and Modernisation of Gorbals Health Centre**', to the Scottish Government Capital Investment Group (CIG) on 10 December 2012. It received approval on 12th November 2012. A copy of the approval letter is included at Appendix A.

The next stage in the process is the preparation of this Outline Business Case (OBC) which assesses the options and identifies the preferred option as well as demonstrating the value for money, affordability and deliverability of the preferred option.

Since the development of the IA, NHS GGC has entered into partnership with Glasgow City Council (GCC) to relocate the existing Social Work services to the new facility creating a civic building central to the Gorbals that will provide a one stop shop for health and care services in the area.

The current programme for the project is based on submitting the Proposal of Application Notice by January 2015. This was achieved and as a result, the Full Planning Application will be submitted following the 12 week statutory pre-application period. This will be lodged with Glasgow City Council Planning Department as part of the Full Business Case, late May 2015.

The OBC has been prepared in accordance with the requirements of the current Scottish Capital Investment Manual (SCIM) Business Case Guide July 2011.

1.2 Strategic Case

1.2.1 National Context

At a national level, the policy drivers supporting the development of a new Health and Care Centre include:

- **Achieving Sustainable Quality in Scotland's Healthcare: A 20:20 Vision;**
- **Quality Strategy** which underpins the narrative, with the three central ambitions that care should be person centred, safe and effective; and,
- '**Renewing Scotland's Public Services**', (the Scottish Government's response to the '*Christie Commission Report*') which emphasises the need to make the best use of resources, providing integrated care and improving the quality of health and other public services.

Each of these policies seeks to improve the health and social care responses to the people of Scotland. In addition a key driving factor is the forthcoming integration of health and social care services as a result of implementation of the Public Bodies (Joint Working) (Scotland) Act 2014.

1.2.2 Local Context

In 2012 the NHS Board embarked on a far reaching clinical services review. The Case for Change published in 2013 set out nine key themes that NHS GGC required to consider and address as it plans services for the future:

1. the health needs of our population are significant and changing;
2. we need to do more to support people to manage their own health and prevent crisis;
3. our services are not always organised in the best way for patients; we need to ensure it is as easy to access support to maintain people at home, when clinically appropriate, as it is to make a single phone call to send them to hospital;
4. we need to do more to make sure that care is always provided in the most appropriate setting;
5. there is growing pressure on primary care and community services;
6. we need to provide the highest quality specialist care;
7. increasing specialisation needs to be balanced with the need for coordinated care which takes an overview of the patient;
8. healthcare is changing and we need to keep pace with best practice and standards; and,
9. we need to support our workforce to meet future changes.

1.2.3 Organisational Overview

NHS GGC is the largest NHS Board in Scotland and covers a population of 1.2 million people. The Board's annual budget is £2.8 billion and employs over 40,000 staff. Services are planned and provided through the Acute Division and six Community Health (and Care) Partnerships, working with six partner Local Authorities.

Glasgow City CHP was established in November 2010 with responsibility for the planning and delivery of primary care, community health and mental health services, including services to children, adult community care groups and health improvement.

The CHP covers the geographical area of Glasgow City Council, a population of 588,470 and includes 154 GP practices, 135 dental practices, 186 pharmacies and 85 optometry practices. Services within the CHP are delivered in three geographical sectors:

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

1.2.4 Profile of the Gorbals

The location of the current Gorbals Health Centre and the proposed location of the New Gorbals Health and Care Centre fall within the South Sector of Glasgow City CHP.

Glasgow City has profound health challenges that are amongst the most significant across UK and European indices. The Gorbals represents one of the most deprived communities in Glasgow. 50% of patients using the existing health centre live in a SIMD 1 area (i.e. within the most deprived neighbourhoods listed within the Scottish Index of Multiple Deprivation).

Section 3 provides a summary of the headline health statistics that illustrates the challenges faced in improving health and wellbeing in the Gorbals area.

1.2.5 Business Strategy and aims

This project is consistent with the objectives identified within the NHS GGC Corporate Plan 2013-2016, which sets out the strategic direction for the Board. It will also support the achievement of the Board's share of national targets as described in the Board's Local Delivery Plan 2014/15.

NHS GGC's purpose, outlined in the Board's Corporate Plan 2013-2016 is to "*Deliver effective and high quality health services, to act to improve the health of our population and to do everything we can to address the wider social determinants of health which cause health inequalities.*"

The Corporate Plan sets out the following five strategic priorities:

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

The CHP's objectives and priorities are described in the CHP's Development Plan 2014/15 and reflect the corporate priorities for the Board. The key development objectives for this project centre on the following key corporate themes for the Board:

- enabling disadvantaged groups to use services in a way which reflects their needs;
- increasing the use of anticipatory care planning;
- improving identification and support to vulnerable children and families;
- enabling older people to stay healthy prolonging active life and reducing avoidable illness;
- fewer people cared for in settings which are inappropriate for their needs;
- improving appropriate access on a range of measures; and,

- planning and delivering services in ways that take account of individuals' wider social circumstances and equality needs.

1.2.6 Investment Objectives

A review of the investment objectives arrived at as part of the IA process was undertaken to ascertain that they were still valid for the project. The review confirmed the key investment objectives for the project and determined SMART objectives in accordance with the SCIM guidance (including baseline data for measurement and timing of assessment of the objectives) is provided. The investment objectives are set out in Section 3 – Strategic Case.

1.2.7 Existing Arrangements and Case for Change

The current Gorbals Health Centre is a base for four GP practices (comprising 19 GPs in total) and services a practice population of approximately 26,600. The health centre was built in the early 1970s and requires a significant level of ongoing investment to improve heating, water pressure and electrical and mechanical functions. The facility does not have sufficient space to enable services to provide the full range of services necessary. The regeneration of the Greater Gorbals area, along with the increase in housing planned in the next two to five years, will create an additional significant burden on the provision of locally accessible primary care services.

Social work services in the Gorbals are provided from a leased building that provides a base for approximately 200 social work staff. The NHS also leases part of this property for the provision of Specialist Children's Services.

These leased facilities are no longer suitable for the needs of either service, and for both the NHS and Glasgow City Council to extend the lease would require considerable investment by the Landlord and increased rental charges.

In summary, it is considered that the existing service provision in the Gorbals Health Centre, and leased accommodation for social work services and Specialist Children's Services, fails to provide:

- a platform for sustaining and expanding clinical services, in line with the current and future models of primary care;
- facilities that allow a fully patient centred service and "one stop shop" for all primary care and community services;
- the required focus on reducing inequalities in health set out in "*Better Health, Better Care*";
- facilities that support the integration of health and social care services;
- a working environment that supports the health and well-being and safety of staff;
- facilities that have a satisfactory carbon footprint due to the poor functional layout and building inefficiencies;
- facilities that meet the required quality standards for safe, effective, patient-centred care;
- facilities that are flexible, adaptable and able to meet future changing demands; nor,
- facilities that enable effective and efficient use of resources.

1.2.8 Scope of Project

The scope of the project is to re-provide existing health and social care services in new expanded purpose built modern facilities to improve access for patients, and enable closer working between health and social care services in the Gorbals.

1.2.9 Benefit Criteria

The benefits criteria articulated in this document are all desirable outcomes for the project that can be achieved by the preferred solution. Further detail on benefits for the project is included in section 3 – Strategic Case.

1.3 Economic Case

1.3.1 Critical Success Factors

The key stakeholders have undertaken a review of the investment objectives and potential benefits, identifying the following list of critical success factors:

- strategic fit and business needs – how well the option meets the agreed investment objectives, business needs and service requirements and provides holistic fit and synergy with other strategies, programmes and projects;
- potential value for money - how well the option maximises the return on investment in terms of economy, efficiency, effectiveness and sustainability and minimises associated risks;
- potential achievability - how well the option is likely to be delivered within the hub timescale for development and matches the level of available skills required for successful delivery;
- supply-side capacity and capability - how well the option matches the ability of service providers to deliver the required level of services and business functionality and appeals to the supply side and provides the potential for the building to meet the standards reflected in the design statement; and,
- potential affordability - how well the option meets the sourcing policy of the organisation and likely availability of funding and matches other funding constraints.

1.3.2 Short Listed Options

A long list of fourteen options were identified that through a process of ranking options against the agreed benefit criteria, were reduced to a short list of five options. One of the options was subsequently discounted as it was no longer available. Consequently a full economic and financial appraisal was carried out on the remaining four options. The scored short list of options for the project is summarised as follows (the table below shows the analysis for the short listed options):

Table 1- Non Financial Appraisal Summary

		Option 2 - Do Min	Option 4 – NB existing site	Option 10 –NB Sandiefield Site	Option 11 – NB Laurieston site at Gorbals St
Appraisal Element					
Benefit Score	a	5215	8283	11855	7970
Rank		4	2	1	3

1.3.3. Results of Economic and Financial Appraisal

The cost/ benefit and VFM analysis is summarised in the table below:

Table 2 - VFM

25 year Life Cycle		Option 2 - Do Min	Option 4 – NB existing site	Option 10 –NB Sandiefield Site	Option 11 – NB Laurieston site at Gorbals St
Appraisal Element					
Benefit Score	a	5215	8283	11855	7970
Rank		4	2	1	3
Net Present Cost – Includes risk	b	£13,592,077	£26,342,135	£26,525,486	£26,198,842
Cost per benefit point	b/a	£2,606.34	£3,180.27	£2,237.49	£3,287.18
Appraisal Element		2	3	1	4

1.3.4 Preferred Option

The results of the economic and financial analysis confirm the position of **option 10 – new build at Sandiefield site** as the preferred option.

1.4 Commercial Case

1.4.1 Procurement

The hub initiative has been established in Scotland to provide a strategic long-term programme approach to the procurement of community-focused buildings that derive enhanced community benefit.

The existing Gorbals Health Centre is located within the West Territory. A Territory Partnering Agreement (TPA) was signed in 2012 to establish a framework for delivery of this programme and these benefits within the West Territory. The TPA was signed by a joint venture company, hub West Scotland Limited (hubco), local public sector Participants (which includes NHS GGC and GCC), Scottish Futures Trust (SFT) and a Private Sector Development Partner (PSDP).

The New Gorbals Health and Care Centre project will be bundled with the new Woodside Health and Care Centre - the purpose of this approach and the benefits are outlined in the stand-alone paper which accompanies this and the Woodside OBC.

1.4.2 Risk Allocation

As noted in section 4 of the OBC the key stakeholders have undertaken an exercise during the stage 1 process to establish the key risks associated with the proposed investment. Key business, service, environmental and financial risks were established, and these are summarised in section 4 and the risk register is enclosed at Appendix D. The total risk allowance identified at stage 1, excluding the 1% construction risk allowance, is £633,437.

1.4.3 Contractual Arrangements and charging mechanisms

The agreement for the New Gorbals Health and Care Centre is based on the SFT's hub standard form Design Build Finance and Maintain (DBFM) Agreement. The TPA and SFT require that SFT's standard form agreement is entered into by NHS GCC and sub-hubco with only amendments of a project specific nature being made. Therefore, the DBFM Agreement for this project (as bundled with the Woodside OBC) contains minimal changes when compared against the standard form.

NHS GGC will pay for the services in the form of an Annual Service Payment.

1.5 Financial Case

1.5.1 Capital and revenue costs - stage 1

Initial capital cost estimates for the short listed options from the stage 1 report are as follows:

Table 3 - Initial Capital Cost Estimates

Option	Initial Capital Cost Estimate
Option 2 – Do Minimum	£4,260,349
Option 4 – build new existing site	£15,891,235
Option 10– build new Sandiefield Site	£16,074,586
Option 11 – build new Laurieston site at Gorbals Street	£15,747,942

1.5.2 Cost of Preferred Option - Stage 1

Following the options appraisal Hubco has provided maximum tender cost for the provision of option 10 - New Build Gorbals Health and Care Centre at Sandiefield Site - as follows:

Table 4 – Cost of Preferred Option

Output	Option 3 – build new Sandiefield Site
Capital Expenditure (capex & development costs)	£16,124,820
Total Annual Service Payment	£16,914,555

At OBC and Stage 1 Submission, the project revenue funding is cost neutral.

1.5.3 Glasgow City Council Commitment

GCC have received Committee approval of its Business Case to provide a capital contribution of £4.075million to the project. A copy of the minutes of the Council Executive Committee confirming this commitment is included at Appendix B.

In securing the site and project, both public organisations involved in the project have worked proactively together to their mutual benefit, in managing their estates efficiently and in securing the optimum outcome for service delivery to the public.

1.5.4 Accountancy treatment

The project will be on balance sheet for the purposes of NHS GGC's financial statements. Section 7 – Financial Case provides more detailed comment.

1.6 Management Case

1.6.1 Project Plan

A summary of the key project dates is provided in the table below:

Table 5 – Programme

Stage 2: Consideration of OBC	February 2015
Stage 3: Submission of FBC	October 2015
Stage 4: Start on site	January 2016
Completion date	May 2017
Services Commencement	May 2017

1.6.2 Project Management Arrangements

A Project Board has been established and is chaired by the South Sector Director of the Glasgow City CHP who is also the Project Sponsor. The Project Board comprises representatives from:

- four GP practices;
- General dental services and community dental services;
- staff in the health centre;
- New Gorbals Housing Association;
- Glasgow City Council social work services; ,
- hub Co;
- the CHP;
- NHS Board; and,
- community representatives.

The Project Board reports to the NHSGGC Hub Steering Group, which oversees the delivery of all NHSGC hub projects. This group is chaired by the Glasgow City CHP Director and includes representative from other Project Boards within NHSGGC, Capital Planning, Facilities, Finance, hub Territory and HubCo.

1.6.3 Consultation with Stakeholders and the Public

Consultation has taken place with GP, health and social care staff via user group sessions, delivery group meetings, programmes wide consultation meetings, and individual service area meetings and their comments incorporated in to the design of the new facility.

NHS GGC, New Glasgow Housing Association (NGHA) and the Private Sector Delivery Partner for this project, hub West Scotland Limited (hubco) have also held a series of public meetings, met Community Councils and local residents groups on the details of the project to date.

1.6.4 **Benefits Realisation, Risk and Contract Management and PPE**

The management arrangements for these key areas are summarised as follows:

Robust arrangements have been put in place in order to monitor the benefits realisation plan throughout the development to maximise the opportunities for them to be realised.

The strategy, framework and plan for dealing with the management of risk are as required by SFT in regard to all hub projects. A project risk register has been prepared with the PSDP which is actively managed by the Project Manager and reviewed on a monthly basis with the team.

With regard to contract management, this will be as per the DBFM Agreement and is set out in more detail in section 8 of this OBC

Following satisfactory completion of the project, a Post Project Evaluation (PPE) will be undertaken and this is set out in detail within section 8 – Management Case.

2 Introduction

2.1 Developments since IA

As noted within Section 1, since the submission of the IA, NHS GGC has entered into partnership with GGC and will relocate its existing Social Work services based in the Gorbals within the new facility. To that end, GCC will provide a capital contribution of £4.075million to the project and this set out in more detail within Section 7 – Financial Case. It has also been agreed to relocate Specialist Children’s Services from their existing leased accommodation to the new building, thus creating a civic building central to the Gorbals that will provide a one stop shop for health and care services.

2.2 Bundled Projects

It is proposed that the New Gorbals Health and Care Centre be bundled with Woodside Health and Care Centre project into one contract to be provided by Hub West Scotland as part of Scottish Government’s approach to the delivery of new community infrastructure.

A standalone paper on the bundling approach sets out the benefits in more detail and accompanies this and the Woodside OBC.

2.3 OBC Purpose and Compliance

The overall purpose of the OBC is to justify and demonstrate the proposals for the development of the New Gorbals Health and Care Centre.

This OBC complies with and meets the requirements of the Scottish Government Health Directorate (SGHSCD) Capital Investment Manual (July 2011). The OBC framework promotes the development of investment benefits, costs, risks and management procedures in a systematic way to ensure that NHS GGC present a convincing argument that the proposed investment is financially sound, within affordability constraints and presents the way for moving forward.

The preparation of the OBC forms part of Phase 2 of the SCIM guidance covering the following sections.

- Step 4 : Economic Case (Demonstrating value for money);
- Step 5 : Commercial Case (Procurement and Contractual Arrangements);
- Step 6 : Financial Case (Considers costs and affordability); and
- Step 7: Management Case (Management Structure and Tools for delivery).

2.4 OBC Structure

The structure and content of the OBC is based on the need to justify the proposed investment, demonstrate the expected outcomes of the project and the expected benefits that will be delivered. It defines what has to be done to meet the strategic objectives identified in the IA document and prepares the way for the Full Business Case (FBC) document which will develop the preferred option in further detail.

In summary the objectives of the OBC are to:

- review the IA document, particularly the Strategic Case setting out how this supports the need for a new integrated Health and Care Centre;
- re-validate the short-listed options in the IA;
- undertake analysis and due process to demonstrate how each of the short-listed options best meets the (non-financial) measurable benefits;
- undertake a financial and economic appraisal to demonstrate value for money;
- identify the preferred option taking into account the non-financial benefits that would be achieved, the costs and risks and explain the developments in the options since the IA;
- present a sustainability case for the proposals;
- demonstrate the ability of NHS GGC to afford the preferred option; and,
- summarise the management, procedures and protocols that would be put in place to achieve successful delivery.

The following table illustrates the structure of the OBC, reflecting the current Scottish Government Health Directorate guidance and accepted best practice in Business Case development.

Table 6 – OBC Structure

Section	Description
1. Executive Summary	Provides a summary of the Outline Business Case (OBC) content and findings.
2. Introduction	Provides the background and methodology used in preparing the OBC.
3. Strategic Case	Reviews the Initial Agreement and establishes the strategic context of the proposed investment, both in terms of national and local strategies and services in NHS GGC & GCC.
4. Economic Case	Identifies the process by which the short listed options were established and summarises the

Section	Description
	assessment of the options, in terms of non-financial benefits, costs and risks. An overall assessment of the preferred option, based on value for money, is then established.
5. Sustainability Case	Considers NHS GGC policy on developing sustainable facilities. This section also considers the benefits, issues and associated implications associated with the development of the scheme in line with the proposed approach.
6. Commercial Case	Identifies the contractual arrangements and risks associated with the proposed options for procurement, together the payment implications and accountancy treatment.
7. Financial Case	Considers the costs (including capital, revenue and other costs) associated with the preferred option and the associated impact on NHS GGC, and the consequential affordability.
8. Management Case	Summarises the approach to the management of the project, based on the preferred approach, including NHS GGC governance structure, management team, programme implications and risk management.

2.5 Further Information

For further information about this Outline Business Case please contact:

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3 Strategic Case

3.1 Introduction

This section sets the national and local context for the project, describes the objectives and benefits, outlines the scope of the project and highlights the constraints and dependencies.

3.2 Strategic Overview

3.2.1 National Context

The planned investment to re-design health and social work services in the Gorbals is directly linked to achieving delivery of future services, in line with national and local health and care strategies.

A number of factors identified in national and local strategies and plans have influenced how services in the Gorbals will develop. These factors include how the need for health and social care is changing, and the opportunities that are emerging to provide services in different and better ways. A key driving factor is the integration of health and social care services in 2015 as a result of the Public Bodies (Joint Working) (Scotland) Act 2014.

National strategies strongly support the principle of providing access to local primary care services that are fully integrated with other key services, and the removal of boundaries between health and social care and primary and secondary care. They also emphasise the need to give greater focus to prevention, early intervention and support to help patients self-manage their care.

The national strategies and recently published guidance that have influenced the development of local plans are:

- The five Strategic Outcomes of the Scottish Government. (Wealthier and Fairer; Smarter; Healthier; Safer and Stronger, and Greener);
- Achieving Sustainable Quality in Scotland's Healthcare: A 20:20 Vision (2010);
- Renewing Scotland's Public Services (2011);
- Delivering Quality in Primary Care National Action Plan: implementing the Healthcare Quality Strategy for NHS Scotland. (2010); and,
- Better Health, Better Care (2007) – Action Plan.

The Scottish Government has set out its vision for the NHS in Scotland in the strategic narrative for 2020.

Our vision is that by 2020 everyone is able to live longer healthier lives at home,

or in a homely setting.

We will have a healthcare system where we have integrated health and social care, a focus on prevention, anticipation and supported self-management. When hospital treatment is required, and cannot be provided in a community setting, day case treatment will be the norm. Whatever the setting, care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions. There will be a focus on ensuring that people get back into their home or community environment as soon as appropriate, with minimal risk of readmission.

Achieving Sustainable Quality in Scotland's Healthcare: A 20:20 Vision

Quality Strategy

Underpinning the narrative is the Quality Strategy, which sets out NHS Scotland's vision to be a world leader in healthcare quality, described through three quality ambitions: effective, person centred and safe.

Person-centred - mutually beneficial partnerships between patients, their families and those delivering healthcare services which respect individual needs and values and which demonstrate compassion, continuity, clear communication and shared decision-making.

Safe - there will be no avoidable injury or harm to people from healthcare they receive, and an appropriate, clean and safe environment will be provided for the delivery of healthcare services at all times.

Clinically Effective - the most appropriate treatments, interventions, support and services will be provided at the right time to everyone who will benefit, and wasteful or harmful variation will be eradicated.

These ambitions are articulated through the six Quality Outcomes that NHS Scotland is striving towards.

- everyone gets the best start in life, and is able to live a longer, healthier life;
- people are able to live at home or in the community;
- healthcare is safe for every person, every time;
- everyone has a positive experience of healthcare;
- staff feel supported and engaged and
- the best use is made of available resource.

The Scottish Government has underlined its continued commitment to quality improvement underpinned by performance management where appropriate.

Delivering Quality in Primary Care (2010) and the associated progress report (June 2012) set out the strategic direction for primary care as follows:

- care will be increasingly integrated, provided in a joined up way to meet the needs of the whole person;
- the people of Scotland will be increasingly empowered to play a full part in the management of their health;
- care will be clinically effective and safe, delivered in the most appropriate way , within clear, agreed pathways; and,
- primary care will play a full part in helping the healthcare system as a whole make the best use of scarce resources.

The emphasis on making best use of resources, providing integrated care and improving the quality of health and other public services, was reinforced in '*Renewing Scotland's Public Services*', (the Scottish Government's response to the '*Christie Commission Report*').

The proposals within this OBC demonstrate planned improvements in the areas identified in these documents, in particular:

- improving access for patients;
- ensuring up-to-date and agreed suite of care pathways;
- giving increased priority to anticipatory care;
- taking steps to ensure more effective partnership between the different primary care professionals; and,
- targeting resources to tackling the persistent health inequalities experienced by people living in an area of deprivation.

3.2.2 **Local Context**

NHS Greater Glasgow & Clyde Corporate Plan 2013-2016

NHS Greater Glasgow and Clyde's Corporate Plan for 2013-2016 sets out the five strategic priorities to move towards achieving their purpose to "*Deliver effective and high quality health services, to act to improve the health of our population and to do everything we can to address the wider social determinants of health which cause health inequalities*" over the next three years, and also sets out the outcomes which will deliver for those five priorities.

The Corporate Plan sets out five priorities:

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

Clinical Services Fit for the Future

In 2012 the NHS Board embarked on a far reaching clinical services review. The Case for Change published in 2013 set out nine key themes that NHS Greater Glasgow and Clyde required to consider and address as it plans services for the future:

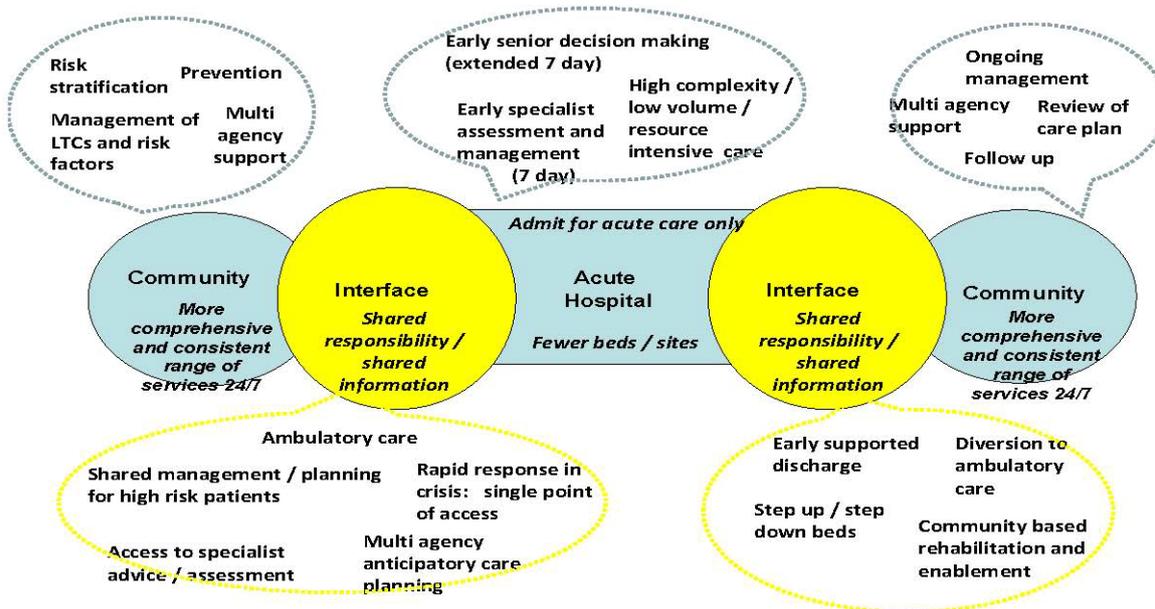
1. the health needs of our population are significant and changing;
2. we need to do more to support people to manage their own health and prevent crisis;
3. our services are not always organised in the best way for patients; we need to ensure it is as easy to access support to maintain people at home, when clinically appropriate, as it is to make a single phone call to send them to hospital;
4. we need to do more to make sure that care is always provided in the most appropriate setting;
5. there is growing pressure on primary care and community services;
6. we need to provide the highest quality specialist care;
7. increasing specialisation needs to be balanced with the need for coordinated care which takes an overview of the patient;
8. healthcare is changing and we need to keep pace with best practice and standards; and,
9. we need to support our workforce to meet future changes.

These issues set a context which recognises that health services need to change to make sure that they can continue to deliver high quality services and improve outcomes. The Case for Change recognised that in the years ahead there will be significant changes to the population and health needs of NHS Greater Glasgow and Clyde, starting from a point where there are already major challenges in terms of poor health outcomes and inequalities.

The overarching aim of the service models that emerged from the review was to encourage the development of a balanced system of care where people get care in the right place from people with the right skills, working across the artificial boundary of

'hospital' and 'community' services. It was recognised that the need to work differently at the interface (represented by the yellow circles in the diagram below); extending existing services; creating new ways of working through in-reach, outreach and shared care; evolving new services; as well as changes to the way we communicate and share information across the system, if we are to address the case for change.

Figure 1 Clinical Services Review Service Model



Evidence from the emerging service models suggests that getting the basics right – integrated, multifaceted and coordinated primary, secondary and social care - are much more important than any single tool or approach.

3.3 Organisational Overview

3.3.1 Profile of NHS GGC

NHS GGC is the largest NHS Board in Scotland and covers a population of 1.2 million people. The Board’s annual budget is £2.8 billion and employs over 40,000 staff.

Services are planned and provided through the Acute Division and six Community Health (and Care) Partnerships, working with six partner Local Authorities.

The Acute Division delivers planned care and emergency services in nine major hospital sites and provides specialist regional services to a much wider population. This includes medicine and emergency services; surgery; maternity services; children’s services; cancer treatment; tests and investigations; older people and rehabilitation services.

The six Community Health (and Care) Partnerships are responsible for the full range of community based health services delivered in homes, health centres, clinics and schools. These include health visiting, district nursing, speech and language therapy, physiotherapy, podiatry, mental health and addictions. The Community Health (and Care) Partnerships also work in partnership to improve the health of their local populations and reduce health inequalities.

The Community Health (and Care) Partnerships work with local primary care contractors and each year over 1 million patients are seen by GPs and practice staff and there are over 1.5 million visits to patients by Health Visitors and Community Nurses.

3.3.2 **Glasgow City CHP**

Glasgow City CHP was established in November 2010 with responsibility for the planning and delivery of primary care, community health and mental health services, including services to children, adult community care groups and health improvement.

The CHP covers the geographical area of Glasgow City Council, a population of 588,470 and includes 154 GP practices, 135 dental practices, 186 pharmacies and 85 optometry practices. Services within the CHP are delivered in three geographical sectors:

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

The development of a new health and care centre will demonstrate in a tangible and high profile way NHS GGC's commitment to working in partnership to tackling health inequalities, improving health and contributing to social regeneration in areas of deprivation. The integration of health and social care services within the new facility will represent a visible demonstration of the commitment to integrated working consistent with the evolution of a new Health and Social Care Partnerships for Glasgow.

3.3.3 **Profile of the Gorbals**

The Greater Gorbals area historically has been characterised by severe and enduring poverty and deprivation, poor quality buildings with a high proportion of vacant and derelict sites. The Greater Gorbals area has in recent years been the focus of significant regeneration and further regeneration is planned over the next five to six years with Laurieston identified as one of Glasgow's transformational regeneration areas. NHS GGC considers it is important that primary care and community services play their part in the social and physical regeneration of Glasgow.

The Health and Well Being Profiles (2014) note that Greater Gorbals has specific social and health factors that reflect the deprivation and associated health of the population. These include:

- 30.2% of population live in an income deprived household (41% higher than the overall Glasgow average);
- 28.9% of the population are limited by disability (27% above the Glasgow average);
- male life expectancy is 5% lower than Glasgow average; and,
- 28.5% of the population claim out of work benefits (34% higher than the Glasgow average).

This deprivation and health issues affecting the area are further illustrated in the Scottish Index of Multiple Deprivation (SIMD) - a measure of deprivation and includes a number of indices that contribute to deprivation levels. The Greater Gorbals area includes six SMID data zones. The area closest to Gorbals town centre (Crown Street) ranks 1,969th place nationally, and, the other five areas are all in the top 200 most deprived area (there are 6,505 data zones in total in Scotland).

The following is a summary of some headline health statistics which illustrate the challenges faced in improving health in Gorbals. On all these measures, performance is amongst the worst in Scotland.

Life expectancy - Gorbals has a male life expectancy over six years lower than the Scottish average and significantly lower than other neighbourhoods in South Glasgow.

Table 7 – Life Expectancy

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
Male life expectancy	64.5	69.8	70.3	70.9	74.5
Female life expectancy	77.2	78.7	78.2	77	79.5

Alcohol and drugs - the Gorbals area has a significant alcohol problem with 2,423 per 100,000 of the population being admitted to hospital for alcohol conditions (Compared to Scottish average of 1,088 per 100,000) and this is higher than other neighbourhoods . Drug related admissions are 3.5 times higher than the Scottish average (296.5 per 100,000 of the population compared with 85.1 per 100,000 nationally).

Table 8 – Alcohol and Drugs

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
Alcohol related hospital admissions (rate per 100k)	2,423	2,427	2,177	1,937	1,088
Drugs related hospital admissions (rate per 100k)	296.5	245.1	221.7	224.1	85.1

Mental health - Gorbals has a high incidence of mental ill health with a higher than national average of patients prescribed drugs for anxiety/depression and higher than average rate of admission to psychiatric hospitals.

Table 9 – Mental Health

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
% patients prescribed drugs for anxiety/depression	9.7%	10.3%	8.9%	11%	9.7%
Psychiatric hospitalisation rate (per 100k)	477	378.5	474.7	202.2	303.0

Older people and long term conditions - hospital admissions from the Gorbals are more than twice the national average, and significantly higher than the rates for neighbourhoods nearby. Emergency hospital admissions are also significantly higher than the national average as is the rate of patients aged over 65 who have been admitted to hospital on multiple occasions.

Table 10 – Hospital Admissions

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
Hospitalisation for COPD (rate per 100k)	415.9	299.3	425	288.1	158.6
Emergency Admissions (rate per 100k)	8,557.6	8,953.4	8,669.7	8,332.1	6,378.9
Multiple admissions people aged 65+ (rate per 100K)	7,352.6	6,011.6	7,120.9	7,035	3,110.4

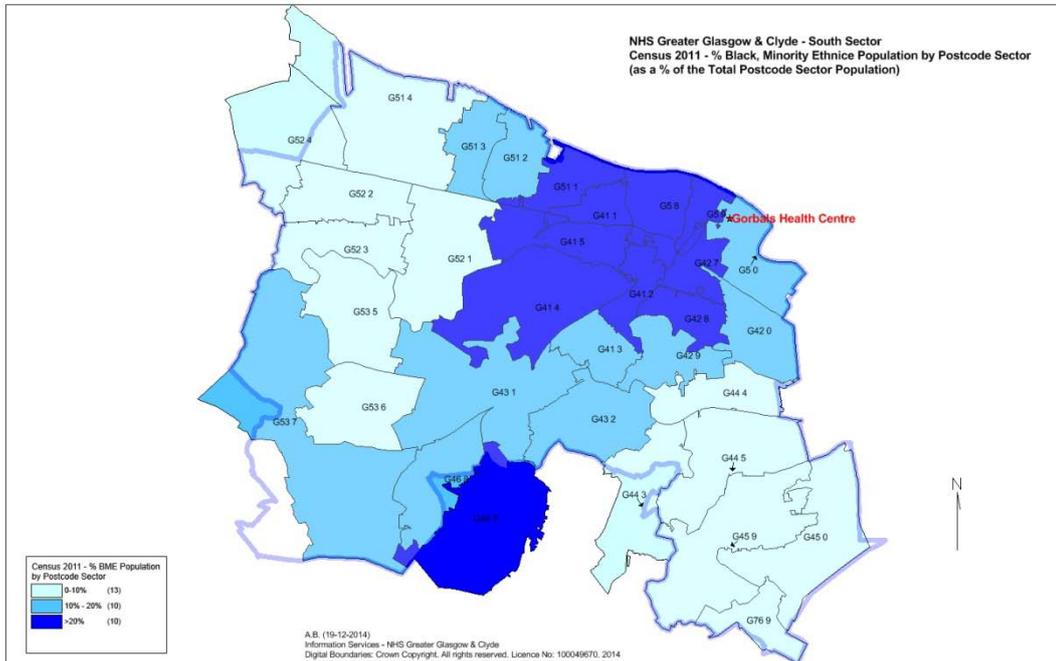
Child health – there are high rates of teenage pregnancies and smoking in pregnancy in the Gorbals area when compared with rates nationally. Breast feeding rates in the Gorbals have traditionally be high in the main due to a local initiative.

Table 11 – Child Health

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
Teenage pregnancy (rate per 100k)	53.5	75		37	41.4
Smoking in pregnancy	19.4%	38.7%	9.8%	34.5%	22.6%
Breastfeeding	25.7%	12.5%	27.0%	9.2%	26.4%

BME population – the area services by the new facility includes a number of post codes where the proportion of population from black and minority ethnic heritage is significantly higher than the national or Glasgow City average. See figure 2 below.

Figure 2 – BME Population



These headline statistics only serve to illustrate the increasing pressure being placed on the community services from inadequate and life expired facilities.

3.4 Business Strategies and Aims

GGC Corporate Plan 2013 - 2016

This project is consistent with the objectives identified within the NHS GGC Corporate Plan 2013-16, which sets out the strategic direction for the Board. It will also support the achievement of the Board's share of national targets as set out within the Local Delivery Plan.

NHS GGC's purpose, as set out in the Board's Corporate Plan 2013 – 16 is to *“Deliver effective and high quality health services, to act to improve the health of our population and to do everything we can to address the wider social determinants of health which cause health inequalities.”*

The Corporate Plan sets out the following five strategic priorities:

- early intervention and preventing ill-health;

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

The Corporate Plan sets out key outcomes for each of the five priorities.

The outcomes for **early intervention and preventing ill-health** are:

- improve identification and support of vulnerable children and families;
- enable disadvantaged groups to use services in a way which reflects their needs;
- increase identification of and reduce key risk factors (smoking, obesity, alcohol use etc);
- increase the use of anticipatory care planning;
- increase the proportion of key conditions, including cancer and dementia , detected at an early stage; and
- enable older people to stay healthy.

The outcomes **for shifting the balance of care** are:

- fewer people cared for in settings which are inappropriate for their needs and only patients who really need acute care are admitted to hospital;
- there are agreed patient pathways across the system with roles and capacity clearly defined including new ways of working for primary and community care;
- we offer increased support for self-care and self-management with reduced demand for other services; and,
- more carers are supported to continue in their caring role.

The outcomes for **reshaping care for older people** are:

- clearly defined, sustainable models of care for older people;
- more services in the community to support older people at home to provide alternatives to admission where appropriate;
- increased use of anticipatory care planning which takes account of health and care needs and home circumstances and support;
- improved partnership working with the third sector to support older people; and,

- improved experience of care for older people in all our services.

The outcomes for **improving quality, efficiency and effectiveness** are:

- making further reductions in avoidable harm and in hospital acquired infection;
- delivering care which is demonstrably more person centred, effective and efficient;
- patient engagement across the quality, effectiveness and efficiency programmes; and,
- developing the Facing the Future Together (services redesign and workforce development) programme.

The key outcomes for **tackling inequalities** are:

- we plan and deliver health services in a way which understands and responds better to individuals' wider social circumstances;
- information on how different groups access and benefit from our services is more routinely available and informs service planning; and,
- we narrow the health inequalities gap through clearly defined programmes of action by our services and in conjunction with our partners.

Within the Corporate Plan, the Board has identified that the delivery and development of primary care is fundamental to progressing all of these priorities.

Glasgow City CHP Development Plan 2013 - 16

The CHP's objectives and priorities are set out in the CHP Development Plan 2013-16 and reflect the corporate priorities for the Board. The key development objectives for this project centre on the following key corporate themes for the Board:

- improve resource utilisation: making better use of our financial, staff and other resources;
- shift the balance of care: delivering more care in and close to people's homes;
- focus resources on greatest need: ensure that the more vulnerable sectors of our population have the greatest access to services and resources that meet their needs;
- improve access: ensure service organisation, delivery and location enable easy access;
- modernise services: provide our services in ways and in facilities which are as up to date as possible;
- improve individual health status: change key factors and behaviours which impact on health; and,

- effective organisation: be credible, well led and organised and meet our statutory duties.

Equality Impact Assessment

As part of the process of developing this OBC, we have undertaken an Equality Impact Assessment (EQIA) of the aims and objectives of this new development. The results of the EQIA are included in Appendix C and the action plan will be followed through as part of the Full Business Case stage.

3.5 Other Organisational Strategies

There are a number of other key organisational strategies and plans that set the strategic context for the project in particular in relation to workforce.

3.5.1 Workforce Strategy

NHS GGC's workforce plan is linked to its financial plan. The key will be to make the best use of the current staff and managing the current workforce into adapting to new roles and new ways of working. The new facility in Gorbals will help promote NHS GGC as an employer of choice, by creating and maintaining a positive organisational reputation and contributing to workforce planning arrangements.

3.5.2 Turnover and Stability Rate

Gorbals has low staff turnover, with high workforce stability but high absenteeism. The average absenteeism figure for Glasgow CHP is 5.4% which is above the Scottish target. The challenge will be replacing skills of the older experienced workforce as they retire and ensuring that the up and coming workforce are able to deliver the same level of care with the right skills. Therefore Glasgow City CHP (South Sector) must seek innovative ways of making the best use of the staff they already have and developing services that will meet patient needs and attract the staff required to deliver services.

NHS Scotland's vision is to ensure that the needs of individuals and communities are met by providing high-quality safe and effective care through an empowered and flexible workforce which understands the diverse needs of the population and which chooses to work for and remains committed to, NHS Scotland. To meet this vision, NHS Scotland and its workforce will focus on five key ambitions related to the five core workforce challenges for the 21st century. In short, these are:

- all staff will be ambassadors for health improvement, safety and quality;
- NHS Scotland will develop and implement multi-disciplinary and multi-agency models of care to meet the needs of local communities and ensure efficient utilisation of skills and resources;
- NHS Scotland will be an "employer of choice" which acquires the best talent, motivates employees to improve their performance, keeps them satisfied and loyal, and provides opportunities for them to develop and contribute more;

- all staff in NHS Scotland will work together to promote the benefits of preventative action and measures of self-care for patients and the public; and
- working together with further education to encourage and maximise flexible access to education and training, for people already working in NHS Scotland and those with aspirations to join, that is reflective of the changing demography and increasing diversity of Scotland.

A new Health and Care Centre in Gorbals will help fulfil Glasgow City CHP's achievement of these goals.

3.5.3 **Enabling Recruitment - now and in the future**

As the population and the workforce ages and the demands for health and healthcare services change, effective workforce and recruitment plans will need to reach sections of the population that may not have traditionally worked in the NHS.

A significant element of this is to ensure recruitment into NHS GGC from a wider pool of people who would not normally access NHS employment. Whilst this approach is not a commitment to workforce expansion, the Board's pre-employment approach in partnership with Job Centre Plus and a range of other pre-employment interventions will continue to ensure that people from the local communities are ready for employment.

The New Gorbals Health and Care Centre will provide a facility that will be attractive to a range of staff in terms of being in a pleasant working environment and being co-located with other colleagues and services that is essential for cohesive team working in the delivery of the patient journey and the patient experience.

From an educational point of view, a good lever for attracting staff is the provision for them to support lower grades and contribute to learning and development aspects of team and individual development.

There is also added value for team learning in the form of Protected Learning Time, which will be more accessible (space) and more enjoyable (surroundings) in a new health centre setting.

3.5.4 **Opportunities for improving retention, efficiency and productivity**

NHS GGC will need to ensure that it retains as many staff as possible as the potential future workforce declines and demands for healthcare increase. A key outcome of successful recruitment and retention is through the more effective matching of people to posts, and the management of expectations of those joining the organisation.

3.5.5 **Managing individual and organisational workforce performance**

In the context of a challenging financial environment, NHS GGC must also support staff to work efficiently and ensure that productivity is improved. Supporting and managing individual performance takes place through the Personal Development Planning and Review Process, as part of the Knowledge and Skills Framework. Staff will have an explicit system to support performance, which will set clear objectives and provide support

for development. Feedback on performance will facilitate development and motivate staff to perform, to their full potential.

3.5.6 **Learning and development for individuals, teams, services and the organisation**

NHS GGC is committed to becoming a learning organisation, recognising that staff require access to opportunities to learn, maintain and develop skills and knowledge. Staff need to be able to apply these within their work situation and have opportunities to regularly review their development. This will ensure that staff are competent and confident to deliver safe clinical and support services.

3.5.7 **Facing the Future Together**

Within NHS GGC there is an extensive programme of engagement with staff to support service change, which comes under the banner of Facing the Future Together (FTFT). Facing the Future Together (FTFT) is an NHS GGC board wide strategy which represents a fresh look at how staff support each other to do their jobs, provide an even better service to patients and community and improve how people feel about NHS GGC as a place to work. All the activity in facing the Future Together will help to support staff to get ready to work in new ways in the new Gorbals Health and Care Centre – and at the same time, the design of the new building will help support the type of service change that is needed to deliver high quality, effective and person-centred care in the future.

Facing the Future Together covers four main areas:

Our Culture – to meet the challenges we face we need to improve the way we work together and we all need to take responsibility for achieving that;

Our Leaders – all our managers should also be effective leaders, with a drive for positive change and real focus on engaging staff and patients;

Our patients – we want to deliver a consistent and effective focus on listening to patients, making changes to improve their experience and responding better to vulnerable people; and

Our resources – we know that we need to reduce our costs over the next 5 years. We want staff to help us decide how to do things in a way which targets areas of less efficiency and effectiveness and areas where we can improve quality and reduce costs.

3.5.8 **Agile Working**

NHSGGC has embraced opportunities for agile working within the development of new facilities both for this project and the other three health centres included within the 1st phase of hub. This includes the provision of hot-desks and touch down spaces for mobile staff to undertake work and also access to Wi-Fi networks to promote flexibility of working. This is supported by an Agile Working Policy and the provision of an infrastructure to promote agile working and at the same time as maintaining confidentiality and data security. The result of this is that anyone with an NHS approved device will be able to work from any of these locations. Partner organisations such as Social Work and

independent contractors have also been offered the opportunity to work on an agile basis as part of the design process and work is underway to support this through an information infrastructure. Agile working is a significant organisational change and this process is being supported in the NHS through an organisational development approach.

3.6 Investment Objectives

A review of the Investment Objectives arrived at as part of the Initial Agreement process was undertaken to ascertain that they were still valid for the project. The review confirmed the key investment objectives for the project and determined SMART objectives in accordance with the SCIM guidance (including baseline data for measurement and timing of assessment of the objectives) is provided. The investment objectives are listed below:

Table 12 – Investment Criteria

Investment objective	Criteria
Customer	<ul style="list-style-type: none"> - improved satisfaction with physical environment; - access to a range of services and supports in a single Location; - improved service co-ordination to receive best possible care; and, - services working in partnership with patients, users and carers.
Strategic/Service	<ul style="list-style-type: none"> - infrastructure designed to facilitate and sustain changes and outcomes for primary care, community health and social Work services; - promote sustainable primary care services; - enable speedy access to clear and agreed health and care pathways; - sustain and grow partnership working; and, - facilitate services remodelling and redesign.
Efficiency	<ul style="list-style-type: none"> - enable the rationalisation of NHS estate and reduction in back office costs; - facilitate agile and mobile working; and, - deliver a more energy efficient building.
Design	<ul style="list-style-type: none"> - achieve a BREEAM healthcare rating of 'Excellent'; - achieve a high design quality; and, - meet statutory requirements and obligations for public buildings.
Population Reach	<ul style="list-style-type: none"> - location close to patient population and public transport routes.

3.7 Existing Arrangements

3.7.1 Health Services

The following services are provided from the existing Gorbals Health Centre:

- four General Medical Practices;
- health visiting services;
- treatment Room services;
- district nursing services;
- podiatry;
- physiotherapy;
- community dental services;
- a General Dental Practice; and
- a range of community outreach services provided on a sessional basis including ante-natal, anti-coagulant clinics, continence clinics, diabetes specialist nurse, epilepsy clinics, welfare rights services, and learning disability clinics

3.7.2 Gorbals Health Centre

The current Gorbals Health Centre was built in the early 1970s and has had a number of minor upgrading and improvements since. A small extension for one GP practice was added to the south wing in the 1990s, funded via GP fund holding savings. The facility requires a significant ongoing level of investment to improve heating, water pressure and electrical and mechanical functions. The facility does not have sufficient space to enable services to expand and provide a full range of services. The planned regeneration of the Greater Gorbals area along with the increase in housing planned in the next two to five years will create an additional significant burden on the provision of locally accessible primary care services.

Although a single lift is available in the building, due to the layout of the building, some services are located on the first floor. The inadequacy of existing access arrangements, poor circulation and way finding has created ongoing and frequent issues for patients accessing these services.

Under the national formula for defining space requirements for GP practices, the current accommodation provides only 33% of that recommended. The existing health centre while meeting a number of standards does not provide sufficient space for current services, and the lay out of the building does restrict the further development of primary care and community services for the local population.

In summary it is considered that the existing facilities in Gorbals Health Centre fail to provide:

- a platform for sustaining and expanding clinical services, in line with the current and future models of primary care and the CSR service model;
- facilities which allow a fully patient centred service and “one stop shop” for all primary care and community services;
- modern facilities and design that meet the required standards for the provision of health care services including health and safety, control of infection etc;
- the required focus on reducing health inequalities as set out in “*Better Health, Better Care*”;
- a working environment that supports the health and well-being and safety of staff;
- facilities that have a satisfactory carbon footprint due to the poor functional layout and building inefficiencies;
- facilities which meet the required quality standards for safe, effective, patient-centred care;
- facilities which are flexible and adaptable, able to meet future changing demands; nor,
- facilities that enable effective and efficient use of resources.

Gorbals Health Centre



3.7.3 NHS GGC Property Strategy

NHS GGC's Property and Asset Management Strategy April 2012 to March 2016 was approved by the Scottish Government in April 2013. This outlines the plans for the coming years which are in line with both corporate and service plans. The strategy seeks to optimise the utilisation of assets in terms of service benefit and financial return in line with government policy. The strategy has a range of policy aims, one of which is to support and facilitate joint asset planning and management with other public sector organisations and the provision of the new Gorbals Health and Care Centre is one of a number of projects which meet this requirement but also support all of the other aims and objectives of the strategy.

This Property was last formally surveyed in 2012 and at that time the following Back Log was identified:

Low-281K,

Medium-228K,

Significant-47K

High-6K.

It should be noted that since intimation of this process works other than immediate and necessary have not been carried out given the current proposals and the Back Log figures since 2012 will have increased.

Table 13 below notes the status of the infrastructure based on an assessment through the Property Asset Management system.

Table 13 – Gorbals Health Centre – Property Asset Management System Assessment

Topic Category	Category
Physical Condition	D
Statutory Standards	D
Environment	D
Space	F
Function	D
Quality	D

Where the following categories apply:

- A Very Satisfactory/No change or investment required
- B Satisfactory/Only minor change or investment required
- C Not Satisfactory/major change or investment needed.
- D Unacceptable/replacement/replacement or total re-provision required.
- E Empty
- F Fully Utilised

In regards to each of the ratings given above, these can be interpreted as follows:

- physical condition - D rating meaning that the building has now reached the end of its useful life and is in an unacceptable condition and will require considerable investment;
- statutory standards – D rating reflecting that considerable funding is required to bring the building in line with all current building standards should any works be carried out;
- environmental performance - D rating based on the current guidance for EPCs. This is not acceptable to the Board who are currently working to reduce their carbon footprint with the aim to have all new facilities as a B+ or better;
- space utilisation – F rating based on the building being fully occupied or to a satisfactory level on utilisation;
- function – D rating highlighting the issues with the building in regards to adjacencies of services, support facilities provided and location; and
- quality - D rating, reflecting the fact that this is a poor facility requiring significant investment covering elements such as amenity, comfort engineering and design.

3.7.4 Specialist Children’s Services

In addition to services provided from the current health centre, this business case also proposes the re-location of Specialist Children’s Services as a key part of the new Health and Care Centre. These services include child and adolescent mental health services, community paediatric services and speech and language therapy and serve the whole of the Southside of Glasgow. Specialist Children’s Services are currently provided from inadequate leased accommodation in the Gorbals.

3.7.5 Social Care Services

As part of the project, Glasgow City Council will also relocate social work services from their current premises in the Gorbals to the new Health and Care Centre.

These services include the Community Addictions Team, Homelessness Casework Team and Children & Families services. These services and those in the current health centre, will co-exist easily in the new building with the benefits of improved access to social work and community based health services and greater opportunity for integrated joint working.

3.8 Business Needs – Current & Future

3.8.1 General

Having established the key health statistics for the Gorbals area, the objectives of the planned project and considered the current provision, this section demonstrates there is a continued, and increasing, clinical need and establishes the deficiencies in current provision at Gorbals Health Centre and the future additional services required.

3.8.2 **Clinical Need**

All four GP practices in Gorbals are 'Deep End' practices with the majority of their patients living in areas of deprivation (with the resultant health problems associated with communities living in difficult circumstances).

There are a number of developments in the area that will contribute to an increase in the overall population. This includes the Laurieston and Oatlands housing developments. The GPs are fully aware of the developments and recognise that they have capacity to take on additional patients. The recent Census and population projections from the GRO highlight specific increases in population.

While it is not envisaged that there will be an increase in the number of practices, to meet future demands and maintain access standards, practices may choose to increase their GP capacity/volume of available appointments. The new health centre has been modelled to allow out-of-hours use of accommodation to provide additional capacity. Further, there is a significant provision of bookable rooms and flexible space to support other primary care services. The new health and care centre will better support any increase to practice list sizes, as well as better supporting the range of other primary and community services required to meet patient need.

As part of the assessment of clinical need the four GP practices carried out a review of their current workload, and identified that there is little potential to expand patient list sizes or to increase the range of services currently offered from the existing building. In addition, it is estimated that there will be increasing difficulty in meeting new standards, further developing the training/teaching of medical students and meeting future IT requirements.

3.8.3 **Deficiencies in Clinical Services**

Within the existing Gorbals Health Centre locality, progress is being made with the development of integrated primary care services. Nurses and Allied Health Professionals work in or closely with all practices, and in doing this they are seeking to extend the range of services provided to meet such needs as smoking cessation, assessment of minor illnesses, management of patients with long-term conditions (e.g. diabetes, asthma, CHD-Coronary Heart Disease), psychological support, and self-care. Practices and multi-disciplinary teams are seeking to build on relations they have with social workers, home care teams and local community health organisations to ensure that they provide a comprehensive community service.

3.8.4 **Adults and Children with Complex Needs**

The existing premises do not have the capacity for an extended team to meet the additional service requirements. The new Health and Care Centre will have capacity to allow specialist children's services and CAMHS to run regular sessions, thereby improving local access to services.

3.8.5 **Dental Services**

Primary care dental services have previously responded to the needs of inequalities groups on an ad hoc basis. A planned strategic approach is now to be developed through the maximising access to primary care dental services project, initiated June 2010. The

desired outcome is that oral health inequalities will be reduced by ensuring that those with additional needs are clearly signposted into affordable, accessible, acceptable services which are appropriate to meet their individual needs, through collaborative working between all dental providers and the wider health, social and voluntary care sectors. The Community Dental facilities are limited and situated in a poor location on the first floor of the current centre. A new purpose-built dental suite will make their services much more accessible to vulnerable patients and will improve access for specific groups of patients such as children or bariatric patients.

The co-location with other providers will facilitate collaborative working and improve the access to dental services for those patients with additional needs. More general meeting space will enable oral health promoters to run information sessions for parents e.g. to increase uptake of the fluoride varnishing programme.

3.8.6 Additional Services

A number of additional services are required in addition to the existing services provided. This includes services from both NHS GGC and GCC. The aim here is to provide a single service point for patients and visitors while also minimising the number of facilities being utilised in the Gorbals area. These include:

- Specialist Children's Services (Community Paediatrics / Child and Adolescent Mental Health Services);
- Community Addictions;
- increased Community Dental Services – including diagnostic facilities. The new facility would provide the potential to introduce a dedicated Child smile (dental education) room, decorated and equipped to encourage children to look after their teeth; and,
- Social Work services including children and families services, adult services and the homeless casework team.

3.9 Business Scope and Service Requirements

The project scope is essentially the design and development of facilities that meet the investment objectives described in Table 14. However, in order to establish project boundaries, a review was undertaken by key stakeholders, and the following items were established in relation to the limitation of what the project is to deliver.

The core elements of the business scope for the project identified in the IA as the minimum requirements are tabled below. Intermediate and maximum elements will continue to be considered during development in line with costs or expected benefits.

Table 14 – Business Scope

Potential Business Scope

To enable the CHCP to provide an integrated service spanning primary care, community health, social care services in the Gorbals area.	<input checked="" type="checkbox"/>		
To maximise clinical effectiveness and thereby improve the health of the population.	<input checked="" type="checkbox"/>		
To improve the quality of the service available to the local population by providing modern purpose built healthcare facilities	<input checked="" type="checkbox"/>		
To provide accessible services for the population of Gorbals and surrounding areas.	<input checked="" type="checkbox"/>		
To provide flexibility for future change thus enabling the CHP to continually improve existing services and develop new services to meet the needs of the population served.	<input checked="" type="checkbox"/>		
To provide a facility that meets the needs of patients, staff and public in terms of quality environment, functionality and provision of space.	<input checked="" type="checkbox"/>		
To provide additional services that are complimentary to the core services provided by the CHP		<input checked="" type="checkbox"/>	
To be part of the delivery of an integrated community facility contributing to the social, economic and physical urban regeneration of a deprived area		<input checked="" type="checkbox"/>	
Key Service Requirements			
GP practices	<input checked="" type="checkbox"/>		
GDP and community dental services	<input checked="" type="checkbox"/>		
Health visitors and district nurses working in integrated teams	<input checked="" type="checkbox"/>		
Social Work services	<input checked="" type="checkbox"/>		
Allied Health Professional services (AHPs) e.g. podiatry, speech therapy, physiotherapy	<input checked="" type="checkbox"/>		
Training accommodation for primary care professionals including undergraduate and postgraduate medical and dental students	<input checked="" type="checkbox"/>		
Specialist Children's Services including CAMHS	<input checked="" type="checkbox"/>		
Secondary care outreach clinics including the Glasgow Women's Reproductive Service and a Community Addiction Team clinic		<input checked="" type="checkbox"/>	
Community health services and community-led rehabilitation and health improvement activity		<input checked="" type="checkbox"/>	

To summarise, the Business scope includes:

- new facilities which will be commensurate with modern healthcare standards and meet all relevant health guidance documentation;
- a project budget within the NHS Board's affordability criteria, to achieve value for money in terms of the nature and configuration of the build on the selected site given the site topography and adjacencies;
- developing facilities which take full cognisance of the local environment in terms of the choice of external materials and finishes;
- the design not being designed in isolation, but will include the best practice from all 4 Hub areas and benefit from cross fertilisation of ideas from all design teams. Information will be shared between design teams by use of common shared information portals (all Architectural teams are already sharing best practice);
- maximising the sustainability of the development, within resources, and meeting the mandatory requirement of "Excellent" under the BREEAM Healthcare assessment system;
- the development of a design that gives high priority to minimising life cycle costs;
- achieving "*Secure by Design*" status;
- complying with all relevant Health literature and guidance including, but not limited to, Scottish Health Technical Memorandum (SHTM), Scottish Health Planning Notes (SHPNs) and Health Briefing Notes (HBNs);
- within the relevant guidance, maximise use of natural light and ventilation;
- in conjunction with the Infection Control Team, develop a design that minimises the risk of infection. To facilitate this, the design will be considered in conjunction with the NHS "HAIScribe" system;
- comply with CEL 19 (2010) - A Policy on Design Quality for NHS Scotland - 2010 Revision which provides a revised statement of the Scottish Government Health Directorates Policy on Design Quality for NHS Scotland. CEL 19 (2010) also provides information on Design Assessment which is now incorporated into the SGHSCD Business Case process;
- Art in Health Buildings; works of art and craft can contribute greatly to health and well-being. An Arts Group has been established to explore how art can be integral to the design of the buildings and how the development of the new health centre can give greater impetus to local community arts activity. An allowance of £67,500 has been set aside for art ; and,
- external views and landscaping; the connection of waiting areas and staff work areas and restrooms to the natural landscape is known to contribute to well-being and to relaxation.

3.10 Benefits Criteria

Key stakeholders have given further consideration to the investment objectives (in Section 4 – Economic Case) in order to establish the relative value of each objective, the key benefits and beneficiaries, and the potential benefits criteria that have been used during the OBC stage, to assess the options.

The following table summarises the key project benefits and the plan for ensuring they are realised:

Table 15 – Benefits Criteria

No	Success Factors (The Benefit)	Review Questions/Methods (Measuring the Benefit)	Results (Proving the Benefit)
1	Enable speedy access to modernised and integrated Primary Care and Community Health Services that are progressing towards the achievement of national standards	<ul style="list-style-type: none"> - monitor quarterly figures for access to services including AHP waiting times (dietetics, physio, podiatry); - cancer – referral to treatment; - addictions – referral to treatment; - GP access measured through national survey; - monitor use of treatment rooms; - monitor effectiveness of rehab teams through team performance framework. 	<ul style="list-style-type: none"> - reduced waiting times/ increased productivity for services provided in health centre; - more productive use of treatment rooms; - improvement GP access target (48hour and advance booking); - reductions in bed days, prevention of delayed discharges, prevention of readmissions.
2	Promote sustainable primary care services and support a greater focus on anticipatory care	<ul style="list-style-type: none"> - participation of GPs in new LES as Keep Well is mainstreamed; - participation of GPs in other LES services (diabetes, stroke, CHD, COPD); - hospital admissions for LTCs; - monitor emergency admissions; - monitor emergency admissions 65+; - monitor referrals from GPs to other health improvement services (smoking cessation, healthy eating, stress management, employability, money advice); - monitor referrals from GP practices to local carers team (number of referrals and number of carers assessments); - monitor cervical cancer screening and immunisation; - engage with Deep End practices regularly to support best practice. 	<ul style="list-style-type: none"> - numbers of GPs participating in each LES; - better management of LTCs & reduction in number of admissions and bed days; - prevent inappropriate use of hospital services, better management of illness within primary care; - shift in balance of care - more patients looked after through primary care and less use of acute services; - improvements in cervical screening rate and childhood immunisation rates; - positive support to GP practices in deprived areas to tackle health inequalities; - GP practices in the area together provide community-oriented primary care.
3	Improve the convenience of access to primary care services for patients	<ul style="list-style-type: none"> - co-location of services to promote closer working to enable ease of access to multiple services. 	<ul style="list-style-type: none"> - patient feedback; - audit of service usage / waiting times.

No	Success Factors (The Benefit)	Review Questions/Methods (Measuring the Benefit)	Results (Proving the Benefit)
4	Sustain the progress made towards establishing a culture of partnership that is an essential foundation for the Community Health Partnership in line with "Partnership for Care"	<ul style="list-style-type: none"> - one door access to integrated community teams; this will improve service co-ordination and ensure that service users receive the best possible care from the professional with the skills best suited to their needs. 	<ul style="list-style-type: none"> - patient feedback; - audit of services.
5	Deliver NHS Greater Glasgow & Clyde wide planning goals by supporting strategies for service remodelling and redesign that have been the subject of extensive public engagement and involvement	<ul style="list-style-type: none"> - shift balance of care – monitor delivery in acute/ primary care; - bed days/emergency admissions/ multiple admissions 65+, admissions from LTCs; - reshaping care for older people– monitor delayed discharges, admissions, numbers supported in community; - tackling inequalities – Inequalities sensitive practice in primary care – best practice shared and rolled out; - GP access; - use of outreach and other methods to engage with vulnerable patients; - Keep Well LES activity; - active locality groups; - engagement of GPs, buddying arrangements for contingencies, shared good practice. 	<ul style="list-style-type: none"> - more care in community and less in acute hospitals; - increase numbers of older people supported in the community and reduce use of residential accommodation and hospitals; - inequalities sensitive practice part of core business for staff operating in the health centre; - new centre a hub for health in the area.
6	Deliver a more energy efficient building within the NHSGGC estate, reducing CO2 emissions and contributing to a reduction in whole life costs	<ul style="list-style-type: none"> - contribute to South Sector's share of CHP target for reduced carbon emissions. 	<ul style="list-style-type: none"> - target met.
	Achieve a BREEAM Healthcare rating of 'Excellent'	<ul style="list-style-type: none"> - independent assessment by BREEAM accredited assessor 	BREEAM score of 70 or over.
8	Achieve a high design quality in accordance with the Board's Design Action Plan and guidance available from A+DS	<ul style="list-style-type: none"> - use of quality design and materials to create a pleasant environment for patients and staff; - HAI cleaning audits (regular NHSGG&C process); - building contributes to regeneration of Gorbals area - supports development of surrounding area development. 	<ul style="list-style-type: none"> - provide a clinical environment that is safe and minimises any HAI risks; - building makes a positive contribution to health.
9	Meet statutory requirements and obligations for public buildings e.g. with regards to DDA	<ul style="list-style-type: none"> - carry out DDA audit and EQIA of building; - involve of BATH (Better Access to Health) Group in checking 	<ul style="list-style-type: none"> - building accessible to all; - positive response from users of the building.

No	Success Factors (The Benefit)	Review Questions/Methods (Measuring the Benefit)	Results (Proving the Benefit)
		building works for people with different types of disability; - engagement with local people to ensure building is welcoming – PPF to carry out survey of users.	

A baseline for the indicators will be developed in advance of the new facility becoming operational. The factors that impact on the range of indicators referenced are wide and varied and therefore, where possible, work will be undertaken to develop and agree targeted evidence to be collected against those indicators that can be more directly attributable to the impact of the new health & care centre.

3.11 Strategic Risks

A workshop was held with key stakeholders to establish the key risks associated with the proposed investment. Whilst there will be many risks to the project, the key stakeholders have considered what they perceive to be the main risks which are considered to contribute collectively to the majority of the risk value (approximately 80%). A summary of the key risks identified is contained in Appendix D.

3.12 Constraints

The stakeholders have considered the key constraints within which it is essential the project must be delivered. These will clearly have a significant impact on the way the project is procured and delivered. A summary of the key constraints identified is provided as follows:

Financial

NHS GGC, in line with other Boards across Scotland is facing a very challenging financial position. This will mean a very difficult balancing act between achieving Development Plan targets whilst delivering substantial cash savings.

Programme

The New Gorbals Health and Care Centre cannot start on site until the OBC/FBC approvals are complete and the transfer to hub/alternative funding model has been agreed.

Quality

Compliance with all current health guidance.

Sustainability

Achievement of BREEAM Health “Excellent” for new build.

3.13 Dependencies

The development of a New Gorbals Health and Care Centre cannot be viewed in isolation. The regeneration plan for the Greater Gorbals area led by New Gorbals Housing Association and GCC has seen major transformation of the Hutchinson and Oatlands areas over the past decade. The Laurieston area has been designated as one of eight transformational regeneration areas in Glasgow City, and work started in May 2012 on a major regeneration of this area. The CHP is keen to play its part in the regeneration of the Greater Gorbals area by the provision of modern primary and community health care services to service the local population

The construction on the new facility will depend on securing appropriate approvals from GCC planning department. Initial discussions have been held with the planning authority and the PPIp is to be submitted to GCC in January 2015. An application for full planning consent will be made as part of the FBC process.

4 Economic Case

4.1 Introduction

This section sets out the economic case where a number of options were identified and critically evaluated in both financial and non-financial terms including value for money analysis.

4.2 Critical Success Factors

The critical success factors were subject to workshop discussion at the early stages of the project and were revisited as part of the OBC option appraisal exercise and reconfirmed as valid. These are outlined below:

Table 16 – Critical Success Factors

Critical Success factor	
Strategic fit & business needs	How well the option meets the agreed investment objectives, business needs and service requirements and provides holistic fit and synergy with other strategies, programmes and projects.
Potential Value for money	How well the option maximises the return on investment in terms of economic, efficiency effectiveness and sustainability and minimises associated risks.
Potential achievability	How well the option is likely to be delivered within the Hub timescale for development (i.e. operational by April 2015) and matches the level of available skills required for successful delivery.
Supply-side capacity and capability	How well the option matches the ability of service providers to deliver the required level of services and business functionality and appeals to the supply
Potential affordability	How well the option meets the sourcing policy of the organization and likely availability of funding and matches other funding constraints

4.3 Options Considered

This section identifies the processes for the short-listing of options contained in the OBC, which all need to be viable and deliverable.

The approach adopted for developing the options involved representatives from a range of stakeholders from the community including service users, GP's, staff, NHS GGC, patients and local residents, in a series of workshops.

4.3.1 Long List of Options

The “*Categories of Choice Assessment*” considered a wide range of potential options and established their viability and consideration for further review. The options considered at the IA stage are summarised as follows:

Table 17 – Long List

Option	Description
1	Option 1 - Do Nothing
2	Option 2 - Do Minimum
3	Option 3 - Extend / Refurbish Existing Health Centre
4	Option 4 - New Build on existing health centre site
5	Option 5 - New build Health Centre - Oxford Street
6	Option 6 - New build Health Centre - Florence Street
7	Option 7 - New build Health Centre - Laurieston St / Crown Street
8	Option 8 - New build Health Centre - Caledonian Road /Naburn Gate Street
9	Option 9 - New build Health Centre - Tesco Site – Private Developer
10	Option 10 - New build Health Centre - Sandiefield Site
11	Option 11 - New build Health Centre - Laurieston Site at Gorbals Street
12	Option 12 - New build Health Centre - Laurieston Master plan Site
13	Option 13 - New build Health Centre - Former Gorbals Parish Church site
14	Option 14 - New build Health Centre - Coliseum Site

4.3.2 Options Short List

The long list of options covered a wide range of potential solutions in line with the options framework and established options covering a number of categories of choice. Each of these options was then assessed against the investment objectives and critical success factors by key stakeholders to establish viable options and an options shortlist.

The short-listed options included within the IA document are summarised in the following table.

Table 18 - Shortlist

Option	Description
2 – Do Minimum	This option would incur minor interior upgrade works to improve the building. This option would fail to meet the service and project objectives. However it has been included as an option to provide a baseline so that the extra benefits and costs of the other options can be measured against it.
4 – New Build on existing health centre site	This option would involve the demolition of the existing Health Centre and construction of a new facility on same site. This option would provide considerable difficulties to implement with either a phased demolition or short term relocation of services to an alternative facility incurring further rental charges. This option was also difficult due to the constraints on the site with a park and possible grave stones required to be removed to increase the footprint of the building. Furthermore parking facilities would be difficult to provide.
10 – New build Health Centre – Sandiefield Site	The proposals for this location involve the agreement to purchase land recently made available by NGHA through the demolition of two high rise tower blocks. The site is part of a masterplan developed by NGHA to construct new offices for the Association and housing. The remainder of the site would see the development of a new health and care centre. The benefits here would see the creation of a new central civic area for the Gorbals area and also the development of a new civic realm adjacent to the existing retail and community facilities. This site is also within a reasonable distance from the existing health centre. Parking will be an issue here with limited area for new car park. Limited on street parking is already available.
11 - New build Health Centre – Laurieston Site at Gorbals Street	This option involved the clearance of a green space area neighbouring the existing Citizens Theatre. The proposal involved the clearance and levelling of the site to allow construction of the new health centre. This would have positioned the new facility directly adjacent to the railway arches and lines. Parking to this site would need to be remote due to location of the site. This site also increases the distance required to travel from the existing health centre.
12 - New build Health Centre – Laurieston Master Plan Site	The final option would see an area of the Laurieston Masterplan identified for development on the new health centre.

Since the approval of the IA, Option 12 - Laurieston Master Plan Site was no longer deemed a viable option as the site was no longer available and so was discounted from the short list of options.

4.4 Evaluating the Short-listed Options

The SCIM Guidance includes the need to review the short listed options included in the OBC. The Board have undertaken such a review during the early stages of the OBC.

4.5 Non-Financial Benefits Appraisal

A workshop was held on 10 January 2013 to appraise the short listed options in non-financial terms. The workshop was attended by all key stakeholders and included representatives from:

- all clinical services in the health centre;
- social work services;
- patient and community representatives;
- New Gorbals Housing Association;
- Glasgow City Council;
- hubco; and,
- the CHP.

The workshop commenced with an explanation of the background and context to explain how the option appraisal process fits within the OBC process. The workshop continued with a review of the investment objectives and the critical success factors identified at IA stage, identifying the benefits associated with each and weighting those benefits all of which is described in more detail below.

A key component of any formal option appraisal is the assessment of non-financial benefits that are likely to accrue from the options under consideration. The non-financial benefits appraisal comparison was undertaken in an open and transparent environment.

The benefits appraisal had three main stages:

- identification of the benefits criteria;
- weighting of the benefits criteria; and,
- scoring of the short listed options against the benefits criteria.

Although comparison of the relative non-financial benefits of the options presented allows comparison to be made in this area, the outcome is critical in assessing the overall value for money presented by each of the options most commonly measured by the Net Present Cost (NPC) per unit of benefit delivered.

The role of the benefit criteria in the non-financial appraisal is to provide a basis against which each of the options can be evaluated in terms of their potential for meeting the objectives of the proposed investment. The table below sets out the benefit criteria with an explanation of the factors considered against each. It should be noted that the GCC benefits are not included in the economic analysis.

Table 19 – Weighted Criteria

Investment objective	Weighting	Factors considered
Customer	35%	<ul style="list-style-type: none"> • improved physical environment for both patients and clinicians • improved access to a range of services in a single location • improved co-ordination between services • improved partnership working
Strategic/ Service	15%	<ul style="list-style-type: none"> • improved patient pathways • more effective anticipatory care • more holistic responses to patients' health problems • facilitating change and service redesign • partnership working between services • speedy access for patients
Population reach	30%	<ul style="list-style-type: none"> • close to and within easy access the current and future population of the Greater Gorbals area
Design	15%	<ul style="list-style-type: none"> • contribute to the wider regeneration of the area • high design standard
Efficiency	5%	<ul style="list-style-type: none"> • Energy efficient • Reduce running costs

Individual criteria have differing degrees of importance in determining the preferred solution to emerge from the benefits appraisal. As a result it is necessary to rank the criteria in order of importance and then to allocate a weighting, which reflects the degree to which each criterion will affect the outcome of the options scoring exercise.

4.6 Weighting the Benefits Criteria

As some criteria have a greater bearing than others on the outcome of the benefits appraisal it is necessary to rank in order of importance. The proposed weighting of the criteria was agreed by the Project team and then presented for discussion at the options appraisal event, where it was approved. The rationale for the agreed weighting was as follows:

Prime Objective (weighting 35%)

Customer

The prime reason for building a new health centre is to improve services for patients (and ultimately to improve patient outcomes). This objective is about achieving an improved physical environment for both patients and clinicians working in the building to support delivering more effective patient care. This objective also involves improving access to a range of services in a single location; improving co-ordination between services and services working in partnership with patients.

Core objectives supporting the prime objectives

Strategic / service (weighting 15%)

This objective is about achieving sustainable primary care and community services that are capable of delivering the outcomes outlined in national and NHS Board strategies and policies. This objective is closely allied to improving the patient pathway, and supports more effective anticipatory care and more holistic responses to patients' health problems. The objective is also about facilitating change and service redesign, sustaining and growing partnership working between services and speedy access for patients.

Population reach (weighting 30%)

This objective is about achieving a health centre that is close to and within easy access the current and future population of the Greater Gorbals area. Improving access is vital in helping to reduce barriers to patient engagement with NHS services. This is core to NHSGG&C's commitment of tackling health inequalities.

Important secondary objectives

Design (weighting 15%)

Any investment in new health facilities should achieve a high design standard, and have a maximum impact on the physical and social environment of the area. The new health centre should support our goal of tackling inequalities and improving health and wellbeing in the local community, and contribute to the wider regeneration of the area.

Efficiency (weighting 5%)

The new health centre should contribute to the achievement of NHSGGC's energy reduction target, as part of the Scottish Government's commitment to sustainable

development. A sustainable building will reduce running costs and allow us to provide services on the site into the foreseeable future. The facility should support agile working and deliver rationalisation of back office / support functions to achieve more patient areas.

4.7 Scoring the Options

The scoring of the options against the benefits criteria is designed to assess the extent to which the potential solutions meet the objectives of the proposed investment.

Scoring provides a means to assess how each of the options compares both in relation to the optimal position (i.e. meeting all the criteria in their totality) as well as in relation to the other options.

The benefits score, when contrasted with the whole life cost (derived from the Net Present Cost within the economic appraisal) provides a means by which the overall value for money delivered by the short-listed options can be assessed.

The attendees with the assistance of a facilitator debated each of the benefit criteria in the context of each option and a single consensus score was generated using the option scoring scale shown in Table 20 below.

Table 20 - Options scoring scale

0	1	2	3	4	5
Not at all	To some extent	Satisfactory	good	Very good	Excellent

The application of this scoring scale allows scope to differentiate the options against each of the criteria; as such the resultant output should provide a more robust overall assessment of the options.

The team's total consensus scores for each option were then collated and the options ranked according to the weighted scores. The results of the benefits scoring is summarised in the table below:

Table 21 – Weighted Benefit Scores

Option Nr	Option Description		Customer/patient	Strategic/ service	Population reach	Design	Efficiency	Total weighted score
2	Do Minimum	Score	45	36	91	19	17	208
		Weight	35%	15%	30%	15%	5%	
		Weight Score	1,575	540	2,730	285	85	5,215
4	Build new on Existing Gorbals Health Centre	Score	74	66	101	79	99	419
		Weight	35%	15%	30%	15%	5%	
		Weight Score	2,590	983	3,030	1,185	495	8,283
10	Build new Gorbals Health centre at Sandiefield Site	Score	114	124	117	124	127	606
		Weight	35%	15%	30%	15%	5%	
		Weight Score	3,990	1,860	3,510	1,860	635	11,855
11	Build new Gorbals Health centre Laurieston site at Gorbals St	Score	75	88	68	95	112	438
		Weight	35%	15%	30%	15%	5%	100%
		Weight Score	2625	1320	2040	1425	560	7970

The table shows that **Option 10 – Build new Gorbals Health Centre on Sandiefield Site** has the highest Non Financial Benefit Score with **Option 2 ‘ Do Minimum’** achieving the lowest score.

4.8 Critical Success Factors appraisal

Participants were also asked to assess to what extent each option would be able to meet the critical success factors. Participants were asked to rate each option against each of the critical success factors as:

- 1 – Poor
- 2 – Satisfactory
- 3 – Good
- 4 – Very Good

5 – Excellent

Below are the results from the options appraisal event of the shortlisted options:

Table 22 – Critical Success Factors appraisal

Option 2 - Do minimum				
			Total Score	Comments
Strategic fit & Business Needs		1	4	This option does not meet the majority of the investment objects or the critical success factors but is being considered as a baseline for the new development
Potential Value for money		1		
Potential achievability		0		
Supply side capacity		0		
Potential Affordability		2		
Option 4 - New build on existing site				
Strategic fit & Business Needs		3	11	This option is also being considered but it has been noted that this does not meet the criteria for value for money and there are concerns on achievability given restrictions on the current site and the lack of potential for future expansion
Potential Value for money		2		
Potential achievability		2		
Supply side capacity		1		
Potential Affordability		3		
Option 10 - New health centre at Sandiefield Site				
Strategic fit & Business Needs		5	23	This option does appear to meet all CSFs and Investment objectives; however there are concerns over achievability given planning & ownership permissions already in place for the site. Refer to notes below
Potential Value for money		4		
Potential achievability		5		
Supply side capacity		5		
Potential Affordability		4		
Option 11 - New health centre at Laurieston Site				
Strategic fit & Business Needs		4	19	Appears to meet all CSFs and investment objectives; however concern has been noted on the new location and distance from the existing health centre. Refer to notes below
Potential Value for money		5		
Potential achievability		1		
Supply side capacity		5		
Potential Affordability		4		

Since the IA the options for the project have developed. The concerns over land ownership in option 10 have been discussed with New Gorbals Housing Association and have been removed as a potential obstacle resulting in this becoming the preferred option as it is now achievable but also has allowed negotiation in regards to the affordability by discussions of land sale and transfer.

At the same time, concerns over the location and distance from the existing health centre were noted for option 11. These developments were reflected in the option appraisal and scoring of the critical success factors.

4.9 Economic Appraisal

The Initial Agreement (IA) approved by CIG for the Gorbals project was based on the sole occupancy by NHS GG with costs based on Barrhead Health Centre as the agreed comparator. The IA was approved November 2012 and included a GIFA of 5,154m², a site start date of January 2014 and an estimated cost up to £13.5m.

After approval of the IA by CIG, Glasgow City Council (GCC) embarked upon a process to become a Participant in the hub programme. Early in 2013 GCC approached NHS GG&C with a view to becoming involved in the Gorbals project to deliver new accommodation for Social Work Services, Children & Families Services, Homelessness Services and Community Addiction Services. These services were all located nearby in unsuitable, leased accommodation. The GCC accommodation requirements amounted to circa 1,336m². GCC required a substantial approval period through 2013 to agree to hub participation and then the specifics of the GCC Gorbals proposals. During this period design development could not progress due to the impact/uncertainty around the potential GCC involvement.

As a result of the above changes, the design previously prepared had to be amended to provide the additional accommodation. The cost of the project also had to be re-assessed. A revised NPR was issued in February 2014 based on a GIFA of 6,410 m² and amounting to approximately £15.607m. The revised NPR was based on an agreed rate of £1,462 m² which was the market tested rate for the Eastwood H&CC project at Q1 2014. GCC confirmed a contribution of £3.19m calculated on a pro-rata share of the costs. NHS GG&C space allocation was 5,074m² with a share of the costs amounting to £12.41m.

As a direct result of the GCC intervention noted above, the timeline for the project slipped and a revised Site Start date of January 2016 was identified. This slippage in the programme resulted in the project incurring additional inflation costs. Further, the required inflation risk allowance in Stage 1 submission has increased by £206k from the revised NPR due to increases in BCIS data.

During the period of delay caused by the GCC intervention, a preferred site was identified. During Stage 1, site investigation (SI) work was undertaken to establish the ground conditions. The SI identified the need for ground improvement work resulting in additional costs for piling. Acoustic studies highlighted that as a consequence of the preferred site, being located on a busy road, due to noise issues, many rooms could not be naturally ventilated and comply with SHTMs. This

necessitated the introduction of additional mechanical ventilation to large areas of the building. Further information and discussions with utility companies during Stage 1 also highlighted the need for utility diversions. Requirements for compartmentation arising from compliance with SHTM 81 also emerged which did not form part of the Eastwood base cost. At NPR the abnormal allowance was £430k. By completion of all surveys and investigations during Stage 1 this increased to £1,131k, an increase of £701k.

During Stage 1 a design issue emerged around the entrance area and an overhang which developed. The solution which emerged required an increase of the floor area of circa 40m².

The total building area, at Stage 1 submission now comprises:

NHS GG&C:-	5,074m ²
Glasgow City Council:-	1,336m ²
Additional space at entrance:-	40m ²
Total	6,450m²

The design presented at Stage 1 has a GIFA of **6477m²**. This is 27m² above the agreed briefed area and hWS has undertaken to reduce the GIFA to below the briefed area during Stage 2.

The Stage 1 cost totals **£16,074,586**. This is less than the budget of **£16.69m** (original IA estimate of £13.5m plus the GCC contribution of £3.19m) but still represents an increase from NPR to Stage 1. The issues outlined above have contributed to the overall increase in both area and cost.

The initial capital cost estimates for the options short-listed are detailed as follows:

Table 23 - Initial Capital Cost Estimates

Option	Initial Capital Cost Estimate
Option 2 – Do Minimum	£4,260,349.12*
Option 4 – build new Gorbals Health centre at existing site	£15,891,234.59**
Option 10 – build new Gorbals Health centre at Sandiefield Site	£16,074,586.00***
Option 11 – build new Gorbals Health centre at Laurieston Site, Gorbals St.	£15,747,941.60**

* This figure is made up from an estimate based on historic backlog information available at the time of the original IA, 2012, and increased to represent the condition of the GCC

premises which now form part of the project accommodation requirements. This provided a total base figure of £2.6m. This has been adjusted to include for inflation to reflect the programme, prelims, professional fees and a risk allowance.

** The initial costs for options 4 and 11 have been established based upon the agreed based rate of £1,462sqm updated for inflation to reflect the actual programme. The costs are based on a GIFA of 6.477sqm. It also includes allowances that match Option 10 for elements including Prelims (10.83%), overheads and profit (4%), new project development fees (6.77%), additional management costs (2.55%), and hubco portion (1.83%). An allowance (£109.20sqm) matching that for option 10 has been included for external works and an allowance of £400k (option 4) and £300k (option 11) has been included for abnormals, in addition to an unassessed risk allowance of 6.5%

*** These costs are based on the detailed stage 1 report from hubco. They reflect the level of design completed to stage 1 and incorporate an allowance for abnormals, resulting from site issues, of £1.13m inclusive of associated development fees.

4.10 VfM Analysis

The table below shows the value for money analysis for the short listed option. The full economic appraisal is included at Appendix E.

Table 24 - VFM

25 year Life Cycle		Option 2 - Do Min	Option 4 – NB existing site	Option 10 – NB Sandiefield Site	Option 11 – NB Laurieston site at Gorbals St
Appraisal Element					
Benefit Score	a	5215	8283	11855	7970
Rank		4	2	1	3
Net Present Cost – Includes risk	b	£13,592,077	£26,342,135	£26,525,486	£26,198,842
Cost per benefit point	b/a	£2,606.34	£3,180.27	£2,237.49	£3,287.18
Rank		2	3	1	4

4.10.1 Summary and Conclusion

The results of the benefit scoring exercise indicate a clear hierarchy and consistent gap between the preferred option and the remaining options.

4.11 Risk

4.11.1 **Workshop and Assessment**

The objective of performing a risk assessment is to:

- allow the Board to understand the project risks and put in place mitigation measures to manage those risks;
- assess the likely total outturn cost to the public sector of the investment option under consideration; and
- ensure that the allocation of risks between the Board and the private sector is clearly established and demonstrated within the contractual structure.

A risk may or may not occur and is defined as an event which affects the cost, quality or completion time of the project. There are a number of such events that could arise during the design, construction and commissioning of the new facilities.

The project participants latest risk workshop was held in December 2014. The outcome of the workshop is an updated detailed risk register for the project.

The risk register identifies:

- the risk description;
- the score (probability x impact) per risk;
- the risk type (as per SCIM guidelines);
- the potential impact (time or cost);
- the proposed mitigation strategy per risk; and
- the risk owner or manager.

The risk register will drive the ongoing management of the risk register throughout the OBC and subsequent phases of the project.

Operational risks will be transferred to the Board's risk register as the Board will manage operational risks prior to conclusion of the FBC.

Quantification of the cost of project risks is included within the assessment of optimism bias for each short-listed option.

Risk Rating Matrix

A five by five 'probability' and 'impact matrix' has been used in association with the Joint Risk Register on all Frameworks Scotland Programmes as this is the basis of assessing seriousness of the risk exposure within the NHS and Public Sector as a whole. The matrix is illustrated below:

Table 25 - Probability and Impact Matrix

Impact	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
Likelihood						

Risk Rating
High
Medium
Low

A traffic light system as noted below is used to illustrate the priority of risks. Again, this reflects the requirements for all Frameworks Scotland Programmes.

Table 26 - Traffic Light System

Likelihood			Impact	
Almost Certain	5	x	5	Catastrophic
Likely	4	x	4	Major
Possible	3	x	3	Moderate
Remote	2	x	2	Minor
Rare	1	x	1	Insignificant

4.11.2 Risk Types

According to the SCIM guidelines risks fall into three main categories:

- **Business:** remain within the public sector and cannot be transferred;
- **Service:** occur within the design, build and operational phases of a project and may be shared between the public and private sector; and
- **External:** environmental risks which relate to society and which impact on the economy as a whole.

The following table highlights the key risks (pre and post control) and scores of the short listed option extracted from the Risk Register. The risk register was updated in December 2014. Whilst there are many pre-control red risks, there are only two post-control red risks. Of the two red-risks, one concerns stakeholder information. This has arisen at Gorbals where GPs have sought to reduce their direct costs and have embarked on lengthy discussions with the CHP. Without their wholesale engagement there has been some concern around the robustness of some aspects of design. Since then a settlement has been agreed and the GPs are engaged in the detail design process. The other

red-risk relates to parking numbers and through Stage 2 engagement with planners/road and the development of a Transport Assessment and Green Travel Plan we hope to address this. One of the key selection criteria for the site was the access to public transport.

Table 27 - Key Risks associated with the Options on the Short List

Ref No:	Risk Description	Risk Rating (1-25) Pre control	Risk Rating (1-25) Post control
31	Stakeholders do not provide design information timeously	20	20
60	Parking requirements exceed the design numbers	20	20

4.11.3 Risk Analysis and potential cost implication

The outcome of the Risk Cost analysis exercise to establish the potential costs associated with the recorded risks is included in Appendix D.

These risks are in addition to the site specific risks identified in the options appraisal.

4.11.4 Sensitivity Analysis

It is clear from Table 24 above that Option 10 represents the most favourable option in NPV terms with a net cost per benefit point of £2,237.49. It is noted that for Option 2 (the second ranking option), to become the greater economic benefit than option 10, the cost of Option 10 would need to increase by 16.5% whilst the cost of Option 2 remained the same.

It should be noted that Option 2 is the Do Minimum Option which as demonstrated in Table 22 fails to meet the majority of investment criteria or the critical success factors. If Option 10 is compared with Option 4, which is the 3rd ranking option in NPV terms, then for Option 4 to demonstrate greater economic benefit than Option 10, the cost of Option 10 would need to increase by 42% whilst the cost of Option 4 remained unchanged.

4.12 Performance Scorecard

A value for money scorecard has been completed for this project in accordance with the current guidance from the Scottish Government for the implementation of performance metrics. This is enclosed at Appendix F and demonstrates the following performance against the five metrics:

Area performance measurements:

- area per GP - a 13% improvement on the standard metric at 91sqm/GP (standard is 105 sqm/GP);

- ratio of clinical space versus support space – an 11% uplift on the standard metric at a ratio of 1:3.3 (standard is a ratio of 1:3);

Commercial performance metrics:

- total project costs - a 6% improvement on total cost metric;
- prime costs - a 2% improvement on prime cost metric; and,
- life cycle - a 6% uplift on the cost metric.

Some additional detail in relation to the numbers in the Performance scorecard as well as ongoing actions are set out below:

The abnormalities include; issue 1 – ground works to deal with site specific issues including vibro ground improvement; issue 2 – includes additional fire compartmentation works agreed with NHS in compliance with SHTM81; issue 3 – includes services diversion works and additional mechanical ventilation works necessary to deal with site specific acoustic issues; issue 4 – includes additional site specific hard landscaping works required due to site specific issues and terms related to purchase of site.

The LCC cost of £19/sqm has been obtained through market testing with Robertsons FM. Discussions will be ongoing with hWS through stage 2 to refine and finalise this number based on project specific issues and finalised design.

The Stage 1 Cost Plan and the Stage 1 Final Pricing Report provided by hWS indicates that the cost to deliver Gorbals Health and Care Centre is £16,074,586, which is £505,190 over the agreed Affordability Cap of £15,569,396 set within the NPR. The costs within the Stage 1 submission from HWS

are based upon Prime Costs including site abnormal costs, risks defined within the costed Risk Register and all development costs including tendered Design Team Fees. The Project Specific Issues and abnormal elements to the project include the following items:

1. Design development of the overhang to the entrance area and the changes to the main reception and waiting.
2. Inflation costs based upon extended programme from that assumed at NPR.
3. Significant foundation design as an over cost to the base project
4. Site specific Master plan requirements for building design and landscaping
5. Additional requirements for mechanical ventilation due to acoustic requirements for the site
6. Utility diversions
7. Fire compartmentation associated with SHTM81-03

As part of the development of the stage 1 design and OBC, hWS have reviewed the Gorbals HCC design with the Participants, NHS GGC and GCC and incorporated the agreed list of design developments required as part of the design process. These have been assessed by the design team and adjusted within the Stage 1 Cost Plan. hWS have undertaken Desk Top, Intrusive Site Investigation, Topographical surveys and a GPRS (Ground Penetration Radar Survey) for the site at Sandiefield Road

and this has highlighted a number of issues that have now been included to provide a facility that will meet the need of NHS GGC.

4.13 The Preferred Option

The results of the combined quantitative and qualitative appraisal of the shortlisted options shows that **Option 10 –New Build at Sandiefield Road** gives the lowest cost per benefit point and therefore is the preferred option.

5 Sustainability Case

5.1 Overview

As with all public sector bodies in Scotland, NHS GGC must contribute to the Scottish Government's purpose: *'to create a more successful country where all of Scotland can flourish through increasing sustainable economic growth'*. The Board and the PSCP team are taking an integrated approach to sustainable development by aligning environmental, social and economic issues to provide the optimum sustainable solution.

5.2 BREEAM Healthcare

The requirement to achieve a BREEAM Healthcare excellent rating is integral to the business case process. An initial workshop has been held and a target score of 77.16% achieved. BREEAM Excellent is rated as above 70%. The BREEAM assessment report for the project is included in Appendix G.

5.3 The Cost of Sustainable Development

Whilst the CHP and the Board acknowledge that it is a common misconception that sustainable development is always more expensive or too expensive, the project team are working within the constraints of a budget. A whole life cost approach has been taken to this project and sustainable development has been viewed in the longer term or holistic sense, however, this has to be balanced with the affordability of the project and the competing priorities of the benefits criteria.

5.4 Summary

The project team has given careful consideration to the ongoing sustainability of the New Gorbals Health and Care Centre post completion. After providing a building that is designed and constructed with sustainability as one of the priorities it is then essential that the ongoing management of the facility continues these principals. Operational policies should be developed to ensure resources are utilised to their maximum and waste is minimised. Installing an Environmental Management System in the building will help staff control light, ventilation, temperature and monitor energy usage and allow targets to be set regarding reducing consumption.

The facility is being designed to meet the current standards and agreed targets as set out in the Authority Construction Requirements. This includes requirements in respect of Environment, Sustainability and energy consumption. A Building Energy Management System will be installed in the new facility to assist in the control, and reporting process and in minimising energy consumption in accordance with current guidelines for the NHS estate. The system has been specified by NHS (in consultation with their technical support team, including HFS), and is being developed and installed by hubco

This new Health and Care Centre will lead NHS GGC's journey in reducing their carbon output and make it one of the most environmentally aware buildings in their estate.

By providing this facility, and doing so across the three fronts described, the provision of the services within the new Health and Care Centre will be sustainable for the foreseeable future.

6 Commercial Case

6.1 Introduction

The purpose of this section is to consider the proposed scope and services, contractual arrangements and risks associated with the proposed option for procurement, together with the payment implications.

6.2 Procurement Route

The hub initiative has been established in Scotland to provide a strategic long-term programme approach in Scotland to the procurement of community-focused buildings that derive enhanced community benefit.

Gorbals Health Centre is located within the West Territory. A Territory Partnering Agreement (TPA) was signed in 2012 to establish a framework for delivery of this programme and these benefits within the West Territory. The TPA was signed by a joint venture company, hub West Scotland Limited (hubco), local public sector Participants (which includes NHS GGC and GCC), Scottish Futures Trust (SFT) and a Private Sector Development Partner (PSDP).

The New Gorbals Health and Care Centre project will be bundled with the new Woodside Health and Care Centre - the purpose of this approach and the benefits are outlined in the stand-alone paper which accompanies this and the Woodside OBCs.

The TPA prescribes the stages of the procurement process including:

- New Project Request;
- Stage 1 (submission and approval process);
- Stage 2 (submission and approval process); and
- conclude DBFM Agreement (financial close)

Since this project includes design, construction and certain elements of hard Facilities Management services, the TPA requires that Sub-hubco (a special purpose company established by and subsidiary to, hubco) enters into SFT's standard form Design, Build, Finance and Maintain Agreement for hub projects.

6.3 Proposed scope and services

6.3.1 The Site

The preferred site is located within the Gorbals on the south side of Glasgow. The site was formerly two 24 storey high rise apartment buildings constructed in 1968 and demolished in 2013. At this time the site has been cleared of all loose materials and recycled by the demolition contractor leaving a site ready for re-development.

The land is currently under the ownership of New Gorbals Housing Association (NGHA), a social landlord covering the Greater Gorbals area. NGHA have developed a masterplan for the site that involves the construction of new offices for the Association and new housing. Discussions between NHS GGC and NGHA to purchase the site in exchange for the land currently occupied by the existing health centre are at an advanced stage. There is an agreement in principle over the transfer of both sites subject to final agreement between the two parties and ratification by the housing regulator.

The approach to securing the site demonstrates the benefits from public organisations proactively working together to their mutual benefit, in managing their estates efficiently and in securing the optimum outcome for service delivery to the public.

A Schedule of Accommodation (SOA) has been arrived at following a number of meetings with the users and project team and totals a floor area of 6,477m². The design reports are included in Appendix H and a copy of the SOA is included as Appendix I.

6.3.2 Site Access, Constraints and Orientation

To support the proposed design, site investigations and topographical surveys have been undertaken by hub West to determine the full extent of the ground conditions and any possible contaminants on the site.

The site is situated at the western edge of the Gorbals; the western boundary faces the busy Laurieston Road, but is set back and slightly buffered by a low wall, parking and trees lining the edge of Sandiefield Road.

The northern edge of the site towards the city centre overlooks the large car park area of the existing co-op supermarket. The eastern boundary will overlook the new Gorbals Housing Association headquarters building with adjacent housing facing onto Crown Street. The southern boundary faces onto Cumberland Street; the street is broad with four storey housing running along the southern edge of Cumberland Street.

The boundary conditions have very different characters; the western boundary forms a principle access route to and from the city centre and its most urban edge. The eastern boundary whilst urban in scale, will feel more integrated to the Gorbals, and quieter in comparison, forming a private access route. The southern boundary has a very residential character. The north boundary will take its character from the new building and associated

public realm; at present it is very open, overlooking the car park. However when viewed from the south approach, along, Laurieston Road, it will have a very visible gable which will redefine this edge of the former block.

The provision for and management of parking, is recognised as an issue for the site. An overall approach will be used to maximise the use of public or other transport options and to reduce the demand on car parking for the facility. A travel plan will be developed that includes patient and staff surveys to understand the demand and to develop options to support the use of alternative means of travel.

In addition, a range of support will be offered including using established approaches with staff such as loans for zone cards to support use of bus and rail travel and also cycle to work schemes to encourage cycling. There have also been specific developments including the use of technology that changes the work patterns of certain key groups of staff and reduces the requirement for them to come to a base as frequently.

Ongoing discussions are being held with travel providers such as bus and rail to support additional provision of services. In addition, where opportunities arise to work closely with local communities or businesses, alternative options for parking will be explored.

The site for the new centre benefits from its central location and proximity to public transport routes.

A number of abnormal ground conditions and potential risks have been identified in relation to the site. NGHA did a pre-demolition SI on the site which was subsequently reviewed in respect to the new health centre.

Mason Evans were instructed to do a further SI suitable to allow the design for the new health centre to go forward. These further tests included WAC testing. The GI Interpretive Report advised that no remediation measures are required and the WAC testing has further confirmed this in terms of classification for exporting to landfill. The above results have informed the substructure design and appropriate cost allowances made for same. However, with all works below ground, there remains a residual risk of unforeseen issues. No existing foundations were encountered during these operations. However, in order to minimise risk specified trial pit investigation works have also been instructed to locate any existing foundations.

It is intended to review the above as an ongoing part of design development and risk management process including through monthly Risk Register reviews at which it is anticipated that the risk level will be reduced.

Vehicular access to the site is through the central area of the neighbourhood and is generally very congested due to the surrounding shops, library and housing offices. There is also an adjacent taxi rank outside the co-op further increasing the number of vehicles in the area. To assist construction traffic the aim would be re-instate the access direct to Laurieston Road as used by the demolition contractor. This will be negotiated with the Local authority planners and roads department.

6.3.3 Design Development

The design has been developed by using the Eastwood Health and Care Centre as the reference point. The objective of the reference project was to develop and test two different creative responses to the integrated services agenda and to demonstrate that “Excellent design is achievable within good value Affordability Caps.”

The outputs Reference Designs delivered high quality design solutions that are sustainable, competitively priced and meet current healthcare design guidance. The Reference Designs are also consistent with the Policy on Design Quality for NHS Scotland and hubco’s commitments to design quality.

The Reference Design process used the Eastwood site at Drumby Crescent and hubco have arranged for all four Architectural Practices for the DBFM projects to meet on a regular basis, to enable sharing of best practice, lessons learnt, commonality and consistency of approach.

6.3.4 Architecture and Design Scotland

As part of the embedding of the design process in the various business case stages, the Scottish Government has, in addition to BREEAM assessments, advocated a formalised design process facilitated by Architecture and Design Scotland (A&DS) and Health Facilities Scotland (HFS). NHS GGC has taken steps to consult with A&DS in the development of the design of the new Health and Care Centre.

An initial Design Statement has been prepared on behalf of NHS GGC in conjunction with the project team, PSCP and their architects, and is included in this OBC as Appendix J. This has been used as the key control document to measure the developing design against the project’s design objectives.

6.3.5 HAI-Scribe

An HAI-Scribe Stage 1 infection control assessment of the preferred option site was carried out on 12 March 2014 with NHS GGC Infection Control. The Stage 1 Strategy and Risk Assessment was completed at this meeting and is included in Appendix K.

6.3.6 Clinical and Design Brief

The Health Planner for the project has attended the Delivery Group meetings and met with various stakeholders to look at the operational policy documents provided by NHS GGC and to review the accommodation requested. An outline statement from the Health Planner was prepared and further regular written reports on the work and outcomes from future meetings will be provided by Hubco.

6.3.7 Staff to be accommodated in the new facility

The number of staff (including Social Care) to be accommodated in the new facility is summarised in the table below:

Table 28 – Staff numbers

Services	Estimated No of Staff
General Practices	60
Treatment Room	3
Reception / Building Management	6
Community Dental	5
General Dental	7
Health Visitors	16
District Nurses	8
Physiotherapy	7
Podiatry	5
Specialist Children's Services	
CAMHS	83
Community Paediatrics	75
Social Work	
Children and Families	110
Community Addictions	37
Homeless Casework Team	18
Total	440

6.3.8 Surplus Estate

The proposed development site was the location of two multi-storey residential flats. These were demolished in 2013 by New Gorbals Housing Association, who are the site owners, and had outline Planning Permission for residential development. NHS GG&C is purchasing the cleared site from NGHA, and this is reflected in the valuation. Part of the consideration is the provision to NGHA of the site of the existing health centre, in order that they can develop the social housing planned for the site being sold to NHS GG&C. This site is to be cleared by NHS GG&C. The costs for this demolition are not shown in the OBC, and are included as part of a board-wide demolition programme.

6.3.9 **Service Continuity – during the construction period and migration**

I.T. Overview

The NHS GGC “eHealth” strategy is informed by the national and eHealth Strategy as well as key drivers for change such as the “*Better Health Better Care*” action plan.

Specifically there is an active policy of maximising clinical access to modern IT equipment including clinical & office applications. This policy will be actively pursued in the new facility.

The existing health centre is connected to the Glasgow coin network via a 10Meg LES circuit routed through Glasgow Royal Infirmary which is the connection to the secure N3 network. A secondary backup 10Meg LES circuit is routed through Woodside Health Centre. It is envisaged that this arrangement will continue with an increase to a 100Meg primary circuit with a 100Meg backup. The increase in network capacity will improve performance and resilience and allow expansion.

National and local eHealth systems are continually being procured, developed and enhanced and appropriate systems will be utilised within the new facility.

The design and nature of the facility will allow integrated working between members of the primary care team. It is intended that eHealth solutions will be used to the full in supporting this and maximising benefits to service users.

All internal networking within the building will be provided by the PSCP, this will provide a modern, flexible and versatile cabling system capable of supporting voice, video and data systems. Connections to the outside world will be provided and maintained by NHS GGC with the exception the equipment needed by GCC which will follow their own IT policies and strategy of GCC IT (Access).

IT equipment including hubs, routers, servers, PCs etc will be provided and maintained by NHS GGC.

I.T. Strategy

The new site will be connected to the national secure NHS Net (N3) which will allow high-speed data communications with healthcare sites and staff both nationally and across the NHS GGC area.

The N3 network will allow staff within the facility to communicate securely with colleagues across the NHS. The connection from the N3 network to the internet will also be available to staff within the facility.

The network will facilitate single extension dialling to other facilities; clinics support service at zero cost, and enable high definition video conferencing.

A wireless network will be provided to improve flexibility and operability of mobile devices, whilst maintaining the highest security.

Secure communication will be enabled between the NHS employed staff and their GP colleagues within the building.

Use of Electronic check in within GP and clinic settings

Electronic Booking and appointment systems

Reduction of paper records through electronic systems including use of backscanning

Use of technology to manage work allocation and increase efficiencies for community staff in health and social care including real time access to information / results

Development of technologies to support management of long term conditions including home telehealth (Self testing for key measures such as blood pressure)

These initiatives will contribute significantly to supporting a seamless care regime for the service users with different services within the health and care systems able to communicate with each other without the hindrance of network incompatibility. A joint Greater Glasgow & Clyde / Glasgow City Council IT Group was set up early in the project development to ensure that appropriate IT protocols are in place

Network enabled application availability is increasing and it is intended that clinical staff within the facility will have access to laboratory results, electronic referral letters and other relevant clinical applications.

In addition, immediate and final discharge letters will be available to be sent electronically to General Practices and Community Staff.

The procurement of eHealth solutions and related equipment will remain a function of NHSGGC.

6.3.10 **Facilities Management (FM)**

The Hard FM, such as building repairs and maintenance, of the new building, will be dealt with by the hubco organisation, through the appointment of a Sub Hubco as the Hard FM Service Provider. Soft FM will be managed by NHS GGC.

6.4 **Risk Allocation**

6.4.1 **Transferred Risks**

Inherent construction and operational risks are to be transferred to the Sub-hubco.

These can be summarised as follows:

Table 29 – Risk Allocation

	Risk Category	Potential Allocation		
		Public	Private	Shared
1	Design risk		Yes	
2	Construction and development risk		Yes	
3	Transitional and implementation risk		Yes	
4	Availability and performance risk		Yes	
5	Operating risk			Yes
6	Variability of revenue risks		Yes	
7	Termination risks			Yes
8	Technology and obsolescence risks		Yes	
9	Control risks	Yes		
10	Residual value risks	Yes		
11	Financing risks		Yes	
12	Legislative risks			Yes

6.4.1 Shared Risks

Operating risk is shared risk subject to NHS GGC and Sub-hubCo responsibilities under the Project Agreement and joint working arrangements within operational functionality.

Termination risk is shared risk within the Project Agreement with both parties being subject to events of default that can trigger termination.

While Sub-hubCo is responsible to comply with all laws and consents, the occurrence of relevant changes in law as defined in the Project Agreement can give rise to compensate Sub-hubCo.

6.5 Contractual Arrangements

The hub initiative in the West Territory is provided through a joint venture company bringing together local public sector participants, Scottish Futures Trust (SFT) and a Private Sector Development Partner (PSDP).

The West Territory hubco PSDP is a consortium consisting of Morgan Sindall and Apollo.

The hub initiative was established to provide a strategic long term programmed approach to the procurement of community based developments. To increase the value for money for this project it is intended that the Gorbals Health and Care Centre will be bundled with the similarly timed new Woodside Health Centre. This will be achieved under a single Project Agreement utilising SFT's standard "Design Build Finance and Maintain (DBFM) Agreement".

This bundled project will be developed by a Sub-hubco. Sub-hubco will be funded from a combination of senior and subordinated debt and supported by a 25 year contract to provide the bundled project facilities.

The senior debt is provided by a project funder that will be appointed following a funding competition and the subordinated debt by a combination of Private Sector, Scottish Futures Trust and Participant Investment.

Sub-hubco will be responsible for providing all aspects of design, construction, ongoing facilities management and finance through the course of the project term with the only service exceptions being wall decoration, floor and ceiling finishes.

Soft facilities management services (such as domestic, catering, portering and external grounds maintenance) are excluded from the Project Agreement.

Group 1 items of equipment, which are generally large items of permanent plant or equipment will be supplied, installed and maintained by Sub-hubco throughout the project term.

Group 2 items of equipment, which are items of equipment having implications in respect of space, construction and engineering services, will be supplied by NHS GGC, installed by Sub-hubCo and maintained by NHS GGC.

Group 3-4 items of equipment are supplied, installed, maintained and replaced by NHS GGC.

The agreement for New Gorbals Health and Care Centre will be based in the SFT's hub standard form Design Build Finance Maintain (DBFM) contract (the Project Agreement). The Project Agreement is signed at Financial Close. Any derogation to the standard form position must be agreed with SFT.

Sub-hubCo will delegate the design and construction delivery obligations of the Project Agreement to its building contractor under a building contractor. A collateral warranty will be provided in terms of other sub-contractors having a design liability. Sub-hubCo will also enter into a separate agreement with a FM service provider to provide hard FM service provision.

The term will be for 25 years.

Termination of Contract – as the NHS will own the site; the building will remain in ownership of the NHS throughout the term, but be contracted to Sub-hubCo. On expiry of the contract the facility remains with NHS GGC.

Service level specifications will detail the standard of output services required and the associated performance indicators. Sub-hubCo will provide the services in accordance with its method statements and quality plans which indicate the manner in which the services will be provided.

NHS GGC will not be responsible for the costs to Sub-hubCo of any additional maintenance and/or corrective measures if the design and/or construction of the facilities and/or components within the facilities do not meet the Authority Construction Requirements.

Not less than 2 years prior to the expiry date an inspection will be carried out to identify the works required to bring the facilities into line with the hand-back requirements which are set out in the Project Agreement.

Sub-hubCo will be entitled to an extension of time on the occurrence of a Delay Event and to an extension of time and compensation on the occurrence of Compensation Events.

NHS GGC will set out its construction requirements in a series of documents. Sub-hubCo is contractually obliged to design and construct the facilities in accordance with the Authority's Construction Requirements.

NHS GGC has a monitoring role during the construction process and only by way of the agreed Review Procedure and/or the agreed Change Protocol will changes occur. Sub-hubCo will be entitled to an extension of time and additional money if NHS GGC requests a change.

NHS GGC and Sub-hubCo will jointly appoint an Independent Tester who will also perform an agreed scope of work that includes such tasks as undertaking regular

inspections during the works, certifying completion, attending site progress and reporting on completion status, identifying non-compliant work and reviewing snagging.

NHS GGC will work closely with Sub-hubCo to ensure that the detailed design is completed prior to financial close. Any areas that do remain outstanding will, where relevant, be dealt with under the Reviewable Design Data and procedures as set out in the Review Procedure.

The Project Agreement details the respective responsibilities towards malicious damage or vandalism to the facilities during the operational terms. NHS GGC has an option to carry out a repair itself or instruct Sub-hubCo to carry out rectification.

Compensation on termination and refinancing provisions will follow the standard contract positions.

6.6 Method of Payment

NHS GGC will pay for the services in the form of an Annual Service Payment.

A standard contract form of Payment Mechanism will be adopted within the Project Agreement with specific amendments to reflect the relative size of the project, availability standards, core times, gross service units and a range of services specified in the Service Requirements.

NHS GGC will pay the Annual Service Payment to Sub-hubCo on a monthly basis, calculated subject to adjustments for previous over/under payments, deductions for availability and performance failures and other amounts due to Sub-hubCo.

The Annual Service Payment is subject to indexation as set out on the Project Agreement by reference to the Retail Price Index published by the Government's National Statistics Office. Indexation will be applied to the Annual Service Payment on an annual basis. The base date will be the date on which the project achieves Financial Close.

Costs such as utilities and operational insurance payments are to be treated as pass through costs and met by NHS GGC. In addition NHS GGC is directly responsible for arranging and paying all connection, line rental and usage telephone and broadband charges. Local Authority rates are being paid directly by NHS GGC.

6.7 Personnel Arrangements

As the management of soft facilities management services will continue to be provided by NHS GGC there are no anticipated personnel implications for this contract.

No staff will transfer and therefore the alternative standard contract provisions in relation to employee transfer (TUPE) have not been used.

7 The Financial Case

7.1 Introduction

It is proposed that the Gorbals Health and Care Centre project will be one of two schemes contained within the Gorbals – Woodside DBFM bundle being procured through hub West Scotland by NHS Greater Glasgow & Clyde (NHSGG&C)

The financial case for the preferred option, option 10 New Build Gorbals Health and Care Centre at Sandiefield Site sets out the following key features:

- Revenue Costs and associated funding
- Capital Costs and associated funding.
- Statement on overall affordability position
- Financing and subordinated debt.
- The financial model
- Risks
- The agreed accounting treatment and ESA10 position.

7.2 Revenue Costs & Funding

7.2.1 Revenue Costs and Associated Funding for the Project

The table below summarises the recurring revenue cost with regard to the Gorbals Health and Care Centre scheme.

In addition to the revenue funding required for the project, capital investment will also be required for land purchase including site investigation (£168k) equipment (£675k) and subordinated debt investment (£356k) Details of all the revenue and capital elements of the project together with sources of funding are presented below:

Table 30 - Recurring Revenue Costs

First full year of operation	2017/18
<u>Additional Recurring Costs</u>	£'000
Unitary Charge (including risk and net of GCC capital contribution)	1,439.9
Depreciation on Equipment	67.5
IFRS – Depreciation	516.7

First full year of operation	2017/18
Heat, Light & Power, Rates & Domestic services	340.1
Client Facilities Management (FM) Costs	27.3
Total Additional Recurring costs for Project NHSGG & C	2,391.5
Glasgow City Council Unitary Charge	44.2
Glasgow City Council recurring costs	93.2
Total Additional Recurring costs for the Project GCC	137.4
Total Recurring Costs	2,528.9

7.2.2 Unitary Charge.

The Unitary Charge (UC) is derived from both the hub West Scotland Stage 1 submission dated 8th October 2014 and the Annex D Financial Model Gorbals v4 and represents the risk adjusted Predicted Maximum Unitary Charge of £1,484.1k pa based on a price base date of April 13.

The total capital cost provided in the stage 1 submission is £16,074,586. A breakdown of this is set out below:

Prime Cost	£11,115,698
Preliminaries	£ 1,203,830
Fees	<u>£ 917,894</u>
Total cost, prelims & fees	£13,237,422
Pricing Risk	£ 123,195
Inflation	£ 602,042
OHP	£ 504,633
Hubco portion	£ 225,447
Hubco additional management	£ 314,148
Additional items for DBFM	£ 262,406
Insurance	£ 171,856
Unassessed risk	£ 633,437
TOTAL	£16,074,586

Glasgow City Council (GCC) will make a capital contribution equal to the value of the capital and finance cost for its share of the building, thereby eliminating its proportion of

the unitary charge relating to capital and financing. The UC figure presented above is therefore a net UC figure after GCC's capital contribution.

The Glasgow City Council contribution is based on the provision of circa 1320m² of embedded accommodation for Social Work and Community Addictions teams within the overall development. GCC provided specification information which forms part of the brief to hub and is being formalised in the ACRs. The sum is based on an agreed split of the total development cost based on a pro-rata split based on the occupied areas NHS/GCC. A line-by-line breakdown of the costs has already been agreed between the parties, and forms the basis of the allocation of any change to the costs. The timing of the input of the capital contribution is being finalised with GCC through Stage 2. It is currently modelled on the Eastwood solution where the capital was paid from Council to sub hubco via NHS, on the basis of a pro-rata split of the certified monthly valuations.

The UC will be subject to variation annually in line with the actual Retail Price Index (RPI) which is estimated at 2.5% pa in the financial model. The current financial model includes a level of partial indexation (28%) and this will be optimised prior to financial close.

7.2.3 Depreciation

Depreciation of £67.5k relates to a 5% allowance assumed for capital equipment equating to £675k including VAT and is depreciated on a straight line basis over an assumed useful life of 10 years.

IFRS Depreciation of £516.7k has been allowed for depreciating the capital costs over the 25 years of the contract.

7.2.4 HL&P, Rates & Domestic Costs

HL&P costs are derived from existing Health Centre costs and a rate of £22.57/m² has been used.

Rates figures have been provided by external advisors and an allowance for water rates of £2.60/m² has also been included.

Domestic costs are derived from existing Health Centre costs and a rate of £20.38/m² has been used.

7.2.5 Client FM Costs

A rate of £5.29/m² has been provided by the Boards technical advisors based on their knowledge of other existing PPP contracts.

7.2.6 Costs with regard to Services provided in new Health Centre

NHS staffing and non pay costs associated with the running of the health centre are not expected to increase with regard to the transfer of services to the new facility. Council staff costs are also not expected to rise and whilst non-pay costs are still under review any increase would be addressed within the Council's budget deliberations and will not be an issue for the project.

7.2.7 Recurring Funding Requirements – Unitary Charge (UC)

A letter from the Acting Director – General Health & Social Care and Chief Executive NHS Scotland issued on 22nd March 2011 stated that the Scottish Government had agreed to fund certain components of the Unitary Charge as follows:

- 100% of construction costs;
- 100% of private sector development costs;
- 100% of Special Purpose Vehicle (SPV) running costs during the construction phase;
- 100% of SPV running costs during operational phase; and,
- 50% of lifecycle maintenance costs.

Based on the above percentages the element of the UC to be funded by SGHSCD is £1,315.8k which represents 88.7% of the total UC, leaving NHSGG&C and GCC to fund the remaining £168.3k (11.3%). This split is tabled below:

Table 31 – Unitary Charge split

UNITARY CHARGE	Unitary Charge £'000	SGHSCD Support %	SGHSCD Support £'000	NHSGGC Cost £'000	GCC Cost £'000
Capex inc group1 equipment (Net)	1,266.7	100%	1,266.7	0	0
Life cycle Costs NHS	98.1	50%	49.1	49.0	0
Life cycle Cost GCC	25.0	0	0	0	25.0
Hard FM NHS	75.1	0	0	75.1	0
Hard FM GCC	19.2	0	0	0	19.2
Total Unitary Charge including Risk	1,484.1		1,315.8	124.1	44.2

Following the expiry of the 25 year contract period revenue costs will be continue to be split between NHS GG&C and GCC but this will reflect that services including elements of the hard FM and Life Cycle cost will no longer be provided by hubco through the unitary

charge. The detail on this will be worked through during the Stage 2 period and will be reflected in the participant interface agreement.

7.2.8 Sources of NHSGG&C recurring revenue funding

The table below details the various streams of income and reinvestment of existing resource assumed for the project.

Table 32 – Sources of revenue funding

NHSGG&C Income & Reinvestment	£'000
Existing Revenue Funding – Depreciation	70.4
Existing Revenue Funding - HL&P, Rates & Domestic costs NHSGG&C	103.3
IFRS - Depreciation	516.7
Additional Revenue Funding – HL&P, Rates & Domestic costs GPs contribution	49.2
Additional Revenue Funding	336.1
Sub total	1,075.7
Glasgow City Council Unitary Charge	44.2
Glasgow City Council running costs	93.2
Sub Total	137.4
Total Recurring Revenue Funding	1,213.1

7.2.9 Depreciation

Annual costs for depreciation outlined above relate to current building and capital equipment. The budget provision will transfer to the new facility.

7.2.10 H, L & P, Rates & Domestic Costs & GP's Contribution

All heat, light & power, rates and domestic budget provision for current buildings will transfer to the new facility. This is reflected above in the NHSGG&C contribution. Current budget provision for rent / rates of existing GP premises will also transfer to the new facility as reflected above.

7.2.11 Additional Revenue Funding

This relates to indicative contributions from GPs within the new facility.

7.2.12 Glasgow City Council

Budget provision for existing Council premises will transfer to the new facility. Should any shortfall be identified this will be addressed through the Council revenue budget process and therefore does not pose any financial risk.

7.2.13 Summary of revenue position

In summary the total revenue funding and costs associated with project are as follows:

Table 33 – Summary revenue position

Recurring Revenue Funding	£'000
SGHSCD Unitary Charge support	1,315.8
NHSGG&C recurring funding per above	1,075.7
NHSGGC funding from GCC per above	137.4
Total Recurring Revenue Funding	2,528.9

Recurring Revenue Costs	£'000
Total Unitary charge(service payments)	1,439.9
Depreciation on Equipment	67.5
Facility running costs	367.4
IFRS - Depreciation	516.7
NHSGGC Recurring Costs	2,391.5
GCC recurring costs	137.4
Total Recurring Revenue Costs	2,528.9

Net surplus at OBC stage	0
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The above table highlights that at OBC and Stage 1 Submission stage, the project revenue funding is cost neutral.

7.3 Capital Costs & Funding

Although this project is intended to be funded as a DBFM project i.e. revenue funded, there are still requirements for the project to incur capital expenditure. This is detailed below:

Table 34 - Capital costs and associated funding for the project

Capital Costs	£'000
Land purchase & Fees	168.0
Group 2-5 equipment Including VAT NHS	675.0
Sub debt Investment	356.1
Total Capital cost	1,199.1
Sources of Funding	
NHSGG&C Formula Capital	1,199.1
SGHSCD Capital	0
Total Sources of Funding	1,199.1

7.3.1 Land Purchase

A capital allocation for the land purchase of £168k including the cost for survey fees has been incorporated in NHSGG&C's capital plan.

7.3.2 Group 2-5 Equipment

An allowance of £675k including VAT has been assumed for the Gorbals Project. An equipment list is currently being developed which will also incorporate any assumed equipment transfers. It is therefore anticipated the current equipment allowance of £675k will reduce at FBC stage.

7.3.3 Sub Debt Investment

In its letter dated 6th July 2012, the Scottish Government set out the requirement for NHS Boards in relation to investment of subordinated debt in hub DBFM schemes.

“each NHS Board with a direct interest in the project being finance will be required to commit to invest subordinated debt, up to a maximum of 30% of the total sub debt requirement (i.e. the same proportion as the local participant ownership of hubco)”.

At this stage of the project it is assumed that the Board will be required to provide the full 30% investment. Confirmation will be requested from the other participants during the stage 2 process. The value of investment assumed at OBC stage is £356.04k for which NHSGG&C has made provision in its capital programme.

7.3.4 Non Recurring Revenue Costs

There will be non-recurring revenue costs in terms of advisors' fees and removal/commissioning costs associated with the project which have been calculated at £124.4k. These non-recurring revenue expenses have been recognised in the Board's financial plans.

7.3.5 Disposal of Current Health Centre

The OBC is predicated on the basis that the existing Health Centre, which is not fit for purpose, will be disposed of once the new facility becomes available. There will be a non recurring impairment cost to reflect the rundown of the facility. The net book value as at 9th December 2014 is £1,511k. Following disposal, any resultant capital receipt will be accounted for in line with recommendations contained in CEL 32 (2010).

7.4 Statement on Overall Affordability

The current financial implications of the project in both capital and revenue terms as presented in the above tables confirm the projects affordability. The position will continually be monitored and updated as we progress towards Full Business Case (FBC).

7.5 Financing & Subordinated Debt

7.5.1 hubco's Financing Approach

hub West Scotland (hWS) will finance the project through a combination of senior debt, subordinated debt and equity. The finance will be drawn down through a sub-hubco special purpose vehicle that will be set-up for the two projects.

The senior debt facility will be provided by either a bank or insurance company. It is likely they will provide up to 90% of the total costs of the projects. The remaining balance will be provided by hWS' shareholders in the form of subordinated debt (i.e. loan notes whose repayment terms are subordinate to that of the senior facility) and pin-point equity. It is currently intended that the subordinated debt will be provided to the sub-hubco directly by the relevant Member.

7.5.2 Current finance assumptions

The table below details the current finance requirements from the different sources, as detailed in the Gorbals financial model submitted with hubco's Stage 1 submission.

Table 35 – Current finance assumptions

	Gorbals
Senior Debt (£000)	12,659
Sub debt (inc rolled up interest) (£000)	1,368
Equity (£000)	0.01
Capital Contribution	3,200
Total Funding	17,227

The financing requirement will be settled at financial close as part of the financial model optimisation process.

7.5.3 Subordinated debt

In its letter dated 6th July 2012, the Scottish Government set out the requirement for NHS Boards in relation to investment of subordinated debt in hubco:

"each NHS Board with a direct interest in the project being financed will be required to commit to invest subordinated debt, up to the maximum of 30% of the total sub debt requirement (i.e. the same proportion as the local participant ownership of hubco)".

Therefore our expectation is that subordinated debt will be provided in the following proportions: 60% private sector partners, 30% NHS Greater Glasgow & Clyde and 10% Scottish Futures Trust. However, we note that Glasgow City Council may take up its option to invest in the project, which may reduce the investment requirement for NHS GG&C, though this is not confirmed at this stage.

The value of the required sub debt investment is as follows:

Table 36 – Subordinated debt

	NHS GG&C	SFT	hubco	Total
Proportion of sub debt	30%	10%	60%	100%
Sub debt (inc rolled up interest) £	410,273	136,758	820,546	1,367,577
Sub debt (injected at financial close) £	356,050	118,683	712,100	1,186,833

NHS Greater Glasgow & Clyde confirms that it has made provision for this investment within its capital programme.

It is assumed the sub-ordinated debt will be invested at financial close, and therefore there would be no senior debt bridging facility.

7.5.4 Senior Debt

hubco has proposed that the senior debt will be provided by Aviva. hubco's review of the funding market has advised that Aviva currently offers the best value long term debt for the projects. This is principally because of:

- Aviva's knowledge and experience in the health sector
- Aviva's appetite for long term lending to match the project term
- Aviva's lower overall finance cost in terms of margins and fees
- Aviva's reduced complexity of their lending documentation and due diligence requirements.

At the current time, hubco has not run a formal funding competition, as Aviva offers the best value finance solution within the senior debt market. However, hubco are constantly reviewing the funding market, and if long term debt options appear in the market that are competitive with Aviva's offer, then a more formal review will take place. As part of the hub process, no funding competition is required at this stage of the process.

The principal terms of the senior debt, which are included within the financial model, are as follows:

Table 37 – Senior debt

Metric	Terms
Margin during construction	1.90%
Margin during operations	1.90%
Arrangement fee	0.80%
Commitment fee	1.90%
Maximum gearing	95% (90.25% modelled)

An Aviva term sheet, or confirmation of Aviva's terms have not yet been received from hubco, though NHS GG&C's financial advisors confirm that these terms modelled are in line with Aviva's approach in the market currently.

7.6 Financial Model

For the purposes of the OBC, the Gorbals project is modelled with and without the capital contribution from Glasgow City Council to ensure transparency.

The key inputs and outputs of the financial model are detailed below:

Table 38 – Financial model key inputs and outputs

Output	Gorbals
Total Annual Service Payment	£16,915k
Nominal project return	6.49%
Nominal blended equity return	10.50%
Gearing	90.25%
All-in cost of debt (including 0.5% buffer)	3.50%
Minimum ADSCR ¹	1.150
Minimum LLCR ²	1.170

The all-in cost of senior debt includes an estimated swap rate of 3.0% and an interest rate buffer of 0.50%. The buffer protects against interest rate rises in the period to financial close. The current (23rd January 2015) Aviva 6% 2028 Gilt, which the underlying debt is priced off, is 1.70%. Therefore, current swap rates are above those assumed in the financial models. However, the interest rate buffer will provide cover for 1.48% of adverse movements in the gilt rates in the period to financial close.

The financial model will be audited before financial close, as part of the funder's due diligence process.

7.6.1 Financial efficiencies through project bundling

A separate paper has been provided that outlines the financial efficiencies through project bundling.

¹ Annual Debt Service Cover Ratio: The ratio between operating cash flow and debt service during any one-year period. This ratio is used to determine a project's debt capacity and is a key area for the lender achieving security over the project

² The LLCR is defined as the ratio of the net present value of cash flow available for debt service for the outstanding life of the debt to the outstanding debt amount and another area for the lender achieving security over the project

7.7 Risks

The key scheme specific risks are set out in the Gorbals Health and Care Centre Risk Register, which is held at Appendix D to this OBC. This has been developed by joint risk workshops with hub West Scotland. The risk register ranks 43 separate active risks according to their likely impact (red, amber, green). It is anticipated that the majority of these risks will be fully mitigated, or mitigated to manageable levels in the period prior to FBC submission and financial close. The risk cost allowance in Appendix D, comprises the assessed costed risks at £145k, These have been assessed by hWS and agreed with the Board's technical advisors. There is a further allowance of £488k to reflect unassessed risks at this stage plus £123k to reflect contractor risk. The total risk allowance is within the 7.5% capped allowance at stage 1.

The client held risk register is also enclosed at Appendix D which forms the basis of the client contingency included within the unitary charge figures illustrated in Table 31 above. These are developed independent of hub and represent issues which remain a risk with NHS. Generally these are items in respect of potential scope development or scope change, which could arise through the stage 2 process.

The unitary charge payment will not be confirmed until financial close. The risk that this will vary due to changes in the funding market (funding terms or interest rates) sits with NHS GG&C. This is mitigated by the funding mechanism for the Scottish Government revenue funding whereby Scottish Government's funding will vary depending on the funding package achieved at financial closed.

A separate, but linked, risk is the risk that the preferred funder will withdraw its offer. This is a risk which needs to be considered when the funding market for revenue projects is difficult. This will be monitored by means of ongoing review of the funding market by NHS GG&C's financial advisers and periodic updates from hubco and its funders of the deliverable funding terms (through the Funding Report). This will incorporate review of the preferred lender's commitment to the project as well. This will allow any remedial action to be taken as early in the process as possible, should this be required. hubco's financial model currently includes a small buffer in terms of the interest rate which also helps mitigate against this price risk adversely impacting on the affordability position.

The project's affordability position is reliant on capital funding including a capital contribution from Glasgow City Council. Were this withdrawn then the impact would be that NHS GG&C would have to revisit the scheme's scope or find alternative capital funding for affordability purposes. This risk is considered to be sufficiently mitigated: the Council has approved the capital contribution to the scheme and the contribution has been reported in Council budgets.

At financial close, the agreed unitary charge figure will be subject to indexation, linked to the Retail Prices Index. This risk will remain with NHS GG&C over the contract's life for those elements which NHS GG&C has responsibility (100% hard FM, 50% lifecycle). NHS GG&C will address this risk through its committed funds allocated to the project.

The affordability analysis incorporates that funding will be sought from GP practices who are relocating to the new health centre. This funding will not be committed over the full 25 year period and as such is not guaranteed over the project's life. This reflects NHS GG&C's responsibility for the demand risk around the new facility.

The project team will continue to monitor these risks and assess their potential impact throughout the period to FBC and financial close.

7.8 Accounting Treatment and ESA10

This section sets out the following:

- the accounting treatment for the Gorbals scheme for the purposes of NHS GG&C's accounts, under International Financial Reporting standards as applied in the NHS; and
- how the scheme will be treated under the European System of Accounts 1995, which sets out the rules for accounting applying to national statistics.

7.8.1 Accounting treatment

The project will be delivered under a Design Build Finance Maintain (DBFM) service contract with a 25 year term. The assets will revert to NHS GG&C and Glasgow City Council at the end of the term for no additional consideration.

The Scottish Future Trust's paper, "Guide to NHS Balance Sheet Treatment"³ states:

"under IFRS [International Financial Reporting Standards], which has a control based approach to asset classification, as the asset will be controlled by the NHS, it will almost inevitably be regarded as on the public sector's balance sheet".

The DBFM contract is defined as a service concession arrangement under the International Financial Reporting Interpretation Committee Interpretation 12, which is the relevant standard for assessing PPP contracts. This position will be confirmed by NHS GG&C's auditors before the Full Business Case is adopted. As such, the scheme will be "on balance sheet" for the purposes of NHS GG&C's financial statements.

³ <http://www.scottishfuturestrust.org.uk/publications/guide-to-nhs-balance-sheet-treatment/>

NHS GG&C will recognise the cost, at fair value, of the property, plant and equipment underlying the service concession (the health centre) as a non-current fixed asset and will record a corresponding long term liability. The asset's carrying value will be determined in accordance with International Accounting Standard 16 (IAS16) subsequent to financial close, but is assumed to be the development costs for the purposes of internal planning. On expiry of the contract, the net book value of the asset will be equivalent to that as assessed under IAS16.

The lease rental on the long term liability will be derived from deducting all operating, lifecycle and facilities management costs from the unitary charge payable to the hubco. The lease rental will further be analysed between repayment of principal, interest payments and contingent rentals.

The overall annual charge to the Statement of Comprehensive Net Expenditure will comprise of the annual charges for operating, lifecycle and maintenance costs, contingent rentals, interest and depreciation.

The facility will appear on NHSGGC's balance sheet, and as such, the building asset less service concession liability will incur annual capital charges. NHSGG&C anticipate it will receive an additional ODEL IFRS (Out-with Departmental Expenditure Limit) allocation from SGHSCD to cover this capital charge, thereby making the capital charge cost neutral.

7.8.2 ESA10 (European System of Accounts 1995)

As a condition of Scottish Government funding support, all DBFM projects, as revenue funded projects, need to meet the requirements of revenue funding. The key requirement is that they must be considered as a "non-government asset" under ESA10.

As with leases, the economic owner of the assets in a PPP is determined by assessing which unit bears the majority of the risks and which unit is expected to receive a majority of the rewards of the assets. The asset will be allocated to this unit, and consequently the gross fixed capital formation. The main risk and reward elements to be assessed are:

(a) construction risk, which includes costs overruns, the possibility of additional costs resulting from late delivery, not meeting specifications or building codes, and environmental and other risks requiring payments to third parties;

(b) availability risk, which includes the possibility of additional costs such as maintenance and financing, and the incurrence of penalties because the volume or quality of the services do not meet the standards specified in the contract;

(c) demand risk, which includes the possibility that demand for the services is higher or lower than expected

(d) residual value and obsolescence risk, which include the risk that the asset will be less than its expected value at the end of the contract and the degree to which the government has an option to acquire the assets; and

(e) the existence of grantor financing or granting guarantees, or of advantageous termination clauses notably on termination events at the initiative of the operator.

Majority financing, guarantees covering a majority of finance levied, or termination clauses providing for a majority reimbursement of finance provider on termination events at the initiative of the operator lead to the absence of effective transfer of either of these risks.

In addition, owing to the specificity of PPP contracts, which involve complex assets, and when the assessment of risks and rewards is not conclusive, a relevant question is which unit has a decisive influence on the nature of the asset and how the terms and conditions of the services produced with the asset are determined, notably:

(a) the degree to which the government determines the design, quality, size, and maintenance of the assets;

(b) the degree to which the government is able to determine the services produced, the units to which the services are provided, and the prices of the services produced.

The provisions of each PPP contract shall be evaluated in order to decide which unit is the economic owner. Due to the complexity and variety of PPPs, all of the facts and circumstances of each contract should be considered, and then the accounting treatment, that best reflects the underlying economic relationships, selected."

The standard form hub DBFM legal documentation has been drafted such that construction and availability risk are transferred to hubco. On this basis, it was expected that the Gorbals scheme would be treated as a "non-government asset" for the purposes of ESA 10. We are aware that concerns have been raised that elements of the standard documentation that gives the government certain controlling powers over hubco could mean that this is not the case. This is being considered centrally for all hub schemes by SFT and it is expected that there will be a number of changes to the standard documentation to address this. These changes once agreed and finalised will need to be considered to allow an assessment of whether the scheme would be considered as a "non-government asset" under ESA10.

We note that any capital contribution may affect this position and so we consider the Glasgow City Council capital contribution below. The proposed capital contribution is noted in the table below and is equal to the value of the capital and finance cost for GCC's share of the building.

The project structure will be carefully considered to ensure construction risk is transferred to the private sector. Scottish Futures Trust⁴ have advised that capital contributions should not exceed 45% of a hub scheme's total capital costs so as not to breach the construction risk requirement. ESA 10 is based at Project (Project Agreement) level i.e. at bundled capital cost, so the capital contribution is taken in proportion to the total bundled capital cost c. 17.51%.

To safeguard the treatment of construction risk, any capital injection will be payable upon certification of the works value carried out to date by the Independent Tester and furthermore any contribution will only be made on the basis that senior funders have the same trigger mechanism for drawdown of debt. This will avoid the situation where the public sector's capital is used first, thereby reducing the senior debt provider's risk and increasing the exposure of the public sector to project default/termination during the riskier construction period.

Table 39 – Capital contribution

Proposed capital contribution	Total bundle capex	Percentage	Gorbals scheme capex	Percentage
£5,065,000 ⁵	£28,917,071	17.51%	£13,385,315 ⁶	37.84%

7.9 Value for Money

The Predicted Maximum Cost provided by Hubco in their Stage 1 submission has been reviewed by external advisers and validated as representing value for money.

The costs have been compared against other similar comparators with adjustment to reflect specific circumstances and industry benchmarks, compliance with method statements and individual cost rates where appropriate.

For Stage 2, Hubco are expected to achieve further value for money through market testing.

⁴

http://www.scottishfuturestrust.org.uk/files/publications/hub_Financing_Team_Timing_of_Capital_Injections.pdf

⁵ Taken from financial model and consistent with Stage 1 submission

⁶ Stage 1 predicted maximum cost

7.10 Composite Tax Treatment

The financial model includes that the building is treated as a finance asset for Sub-hubco's accounting purposes due to Aviva requiring an interest in property over which they can take security as part of their lending documentation.

The tax treatment would rely on hWS claiming applicable capital allowances rather than contract debtor accounting and composite trader tax treatment where there is no land interest. Composite trader status would mean all capital expenditure was treated as expenditure and so would reduce hWS' tax, the saving being passed through by way of a lower Service Payment.

Hubco has previously undertaken to carry out, in consultation with NHS GG&C, an assessment as to the viability of adopting a composite trader tax treatment for the Project (a "Tax Restructuring") and the likely benefits to be derived therefrom and undertakes to use its reasonable endeavours to obtain clearance from HMRC that supports a Tax Restructuring prior to the Payment Commencement Date. If Hubco obtains clearance from HMRC that supports a Tax Restructuring or otherwise determines that a Tax Restructuring is viable, the parties shall together in good faith seek to agree the basis on which to implement the Tax Restructuring such that 100% of the Net Tax Adjustment is passed to the Authority.

We understand that other hub projects have agreed the proposed SFT wording relating to composite trade if this approach is adopted post-FC. The Financial Model assumes hWS will charge VAT on the Service Payment and will reclaim VAT incurred in its own development and operational costs.

8 Management Case

8.1 Overview

This section summarises the planned management approach setting out key personnel, the organisation structure and the tools and processes that will be adopted to deliver and monitor the scheme.

8.2 Project Programme

A programme for the project has been developed. . A summary of the identified target dates is provided as follows.

Table 40 – Project programme dates

Stage 2: Consideration of OBC	February 2015
Stage 3: Submission of FBC	October 2015
Stage 4: Start on site	January 2016
Completion date	May 2017
Services Commencement	May 2017

A detailed project programme is included as Appendix L.

8.3 Project Management Arrangements

The approach to the management and methodology of the project is based on the overriding principles of the “hubco” initiative where NHS GGC, GCC, New Gorbals Housing Association and GCC CHP will work in partnership with the appointed Private Sector Development Partner to support the delivery of the project in a collaborative environment that the “Territory *Partnering Agreement*”, and “*DBFM Agreement*” creates.

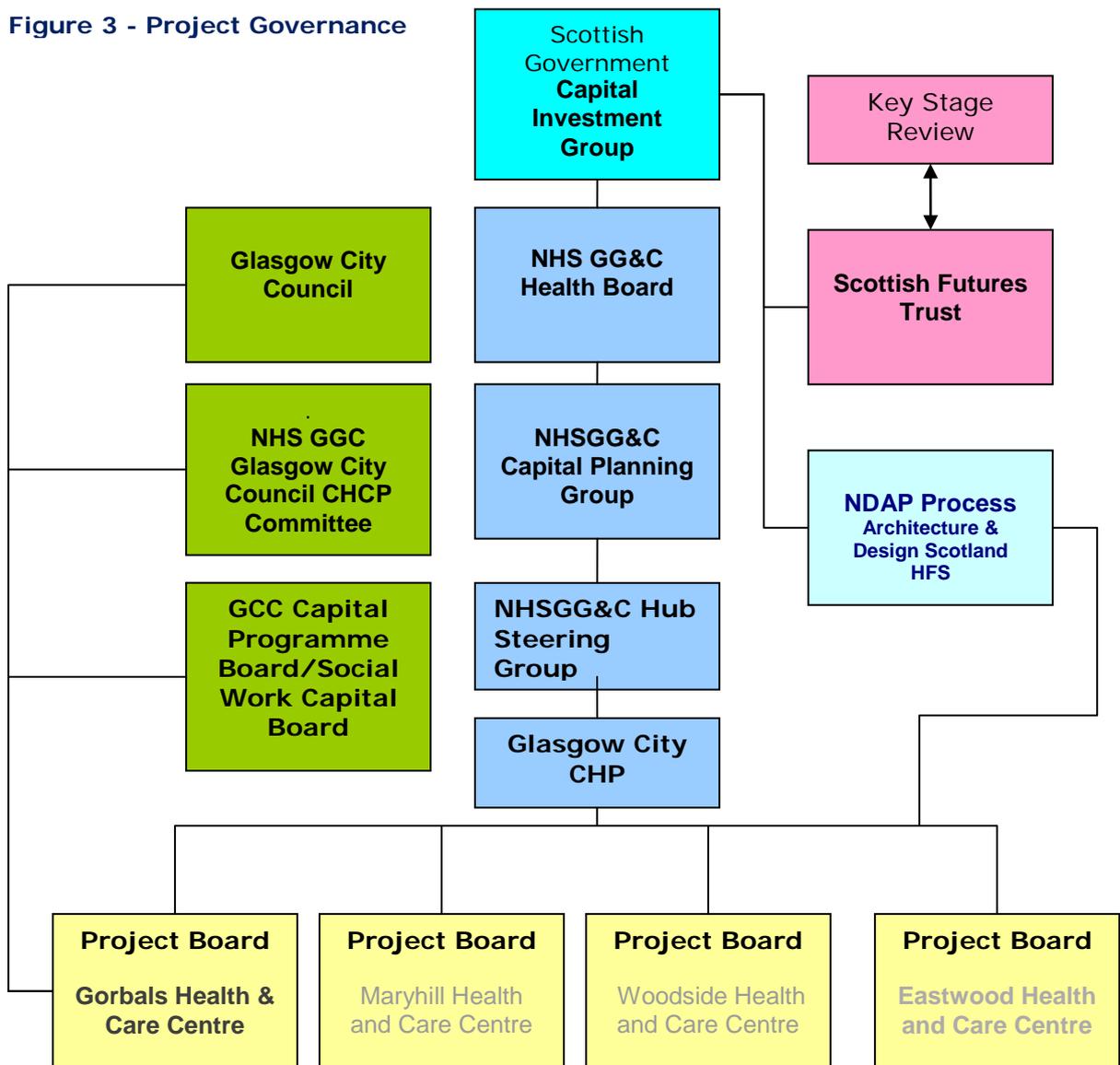
A Project Board has been established and is chaired by the South Sector Director of the Glasgow City CHP who will act as Project Sponsor. The Project Board comprises representatives from the:

- GP practices,
- Dental services,
- staff in the health centre,
- New Gorbals Housing Association,

- GCC,
- Hub Co,
- NHS Board community representatives

The Project Board reports to the NHSGGC Hub Steering Group, which oversees the delivery of all NHSGC hub projects. This Group is chaired by the Glasgow City CHP Director and includes representative from other Project Boards within NHSGGC, Capital Planning, Facilities, Finance, hub Territory and HubCo. This governance structure is illustrated below.

Figure 3 - Project Governance



Project Roles

The following key appointments will be responsible for the management of the project.

Table 41 – Project Management Arrangements

Project:	Gorbals Health and Care Centre	
Parties		
Project Director	David Walker	DW
Project Manager	Ian Docherty	ID
Finance Managers	Marion Speirs / Stephen Tucker	MS / ST
Head of Planning & Performance	Hamish Battye	HB
Planning Manager	Alan Gilmour	AG
Private Sector Development Partner – Project Manager	Hubco - (Jim Allen)	hubco
Private Sector Development Partner - Tier 1 contractor	Morgan Sindall , Principal Supply Chain Member (Lead) – Henry McKeown (Craig Tait) JM Architects	MS
Legal	Dundas & Wilson	DW
Financial	Grant Thornton	GT
Technical	Turner & Townsend	TT
Architectural Adviser	Gilling Dod	GD
M&E Adviser	DSSR	DSSR
Civil/ Structural Adviser	Harley Haddow	HH

8.5 Roles and Responsibilities

NHS GGC will adopt a Governance format for the management of the project as illustrated in the above section. The key personnel for the management of the scheme are members of the Project Board and Project Team. Their respective roles and responsibilities are defined below.

Project Director:

- David Walker NHS Greater Glasgow and Clyde – Glasgow South CHP

Capital and Property Services shall be accountable for the preparation of the strategic and project brief in consultation with the User Representative and Project Manager. The Project Director may nominate additional support as required.

The Project Director, will be requested to sanction staged approvals of design reports and documentation, and provide authority to proceed with construction activities in accordance with the established procurement, risk and funding strategy.

The Project Director is responsible for executing the duties of Client within the terms of the Construction (Design and Management) (CDM) Regulations 1994.

The Project Director will work closely with the following key members of the CHP;

- Director, CHP;
- Head of Finance , CHP;
- Head of Planning and Performance, South Sector; and
- Clinical Director, South Sector.

PSDP (Private Sector Development Partners) Project Development Manager

- Jim Allen, hub West Scotland Ltd

The PSDP Project Manager will act as the primary contact for the Project Director for the management of the project delivery. The PSDP Project Manager will report to the Project Director and Project Board on issues of project delivery.

The PSDP Project Manager will act under the direction of, and within the limits of authority delegated by the Project Sponsor.

The PSDP Project Manager shall establish, disseminate and manage the protocols and procedures for communicating, developing and controlling the project.

The PSDP Project Manager will establish a programme for the construction works and shall implement such progress, technical and cost reviews, approvals and interventions as required verifying the solution against the established objectives.

The PSDP Project Manager shall manage the team of consultants and the Contractor, so that all parties fulfil their duties in accordance with the terms of appointment and that key deliverables are achieved in accordance with the programme. The PSDP Project Manager's primary responsibilities will be to act as single point of contact for the contractor and to continue to provide design services, where applicable.

hub Technical Adviser

- Martin Hamilton, Turner & Townsend

Key duties covered by the Technical Adviser will be as follows:

The Technical Adviser will assist NHS GGC in the development of a Project Brief for this project, to be brought forward for New Project Request, including detailing key objectives of the participants and their requirements for the new project.

The Technical Adviser will undertake value for money assessments in respect of the hubco submissions. The Technical Adviser will review the financial proposals submitted by hubco and confirm that such proposals meet with the targets and commitments in the key performance indicators.

The Technical Adviser will evaluate the hubco design proposals in respect of such aspects as compliance with the Brief, planning & statutory matters, compliance with the technical codes and standards, financial appraisal and overall value for money.

8.6 Communications and Engagement

The OBC has been developed through consultations with the following internal and external stakeholders:

- GPs, dental services and all community services based in the current health centre;
- public and patient representatives;
- local elected members;
- social work services;
- specialist children's services;
- Scottish Futures Trust;

- Local Authority Planning Department;
- A&DS ;
- New Gorbals Housing Association; and,
- Local Community Planning Partnership partners.

It is NHS GGC's intention, with the support of the PSDP to continue to consult widely with various stakeholders associated with the development of the scheme. NHS GGC have prepared a Communication Plan and a Stakeholder Engagement Plan (see Appendix M), to facilitate the communication and engagement process including:

- information to be consulted upon including newsletters, briefings etc;
- all required consultees;
- method of communications including social media;
- frequency of consultations and updates; and,
- methods of capturing comments and sharing.

8.7 Arrangements for Contract Management

Reporting

The PSDP Project Manager will submit regular reports to NHS GGC tabled at Project Board meetings. This will include:

- an executive summary highlighting key project issues;
- a review of project status including:
 - programme and progress, including procurement schedules;
 - design issues;
 - cost;
 - health and safety;
 - comments on reports submitted by others;
- review of issues/problems requiring resolution;
- forecast of team actions required during the following period;

- identification of information, approvals, procurement actions etc required from the Client; and,
- review and commentary of strategic issues to ensure NHS GGC objectives are being met.

Management and Reporting Governance in Operational Phase

The organogram below details the key roles identified in supporting Performance Monitoring & Management model.

The General Manager - Facilities has the lead role and responsibility as the Authority Representative. Support is provided by Site Manager - Facilities and Local Administrator who have day to day responsibility.

The posts identified will have a collective responsibility for the overall management of the contract and arising services, linking and co-ordinating closely with the objective of maximising utility in support of clinical and other service delivery, along with VFM. Identified is where each post links to the broader management structure, and this confirms the organisational managerial communication and escalation links, in addition to those defined contractually.

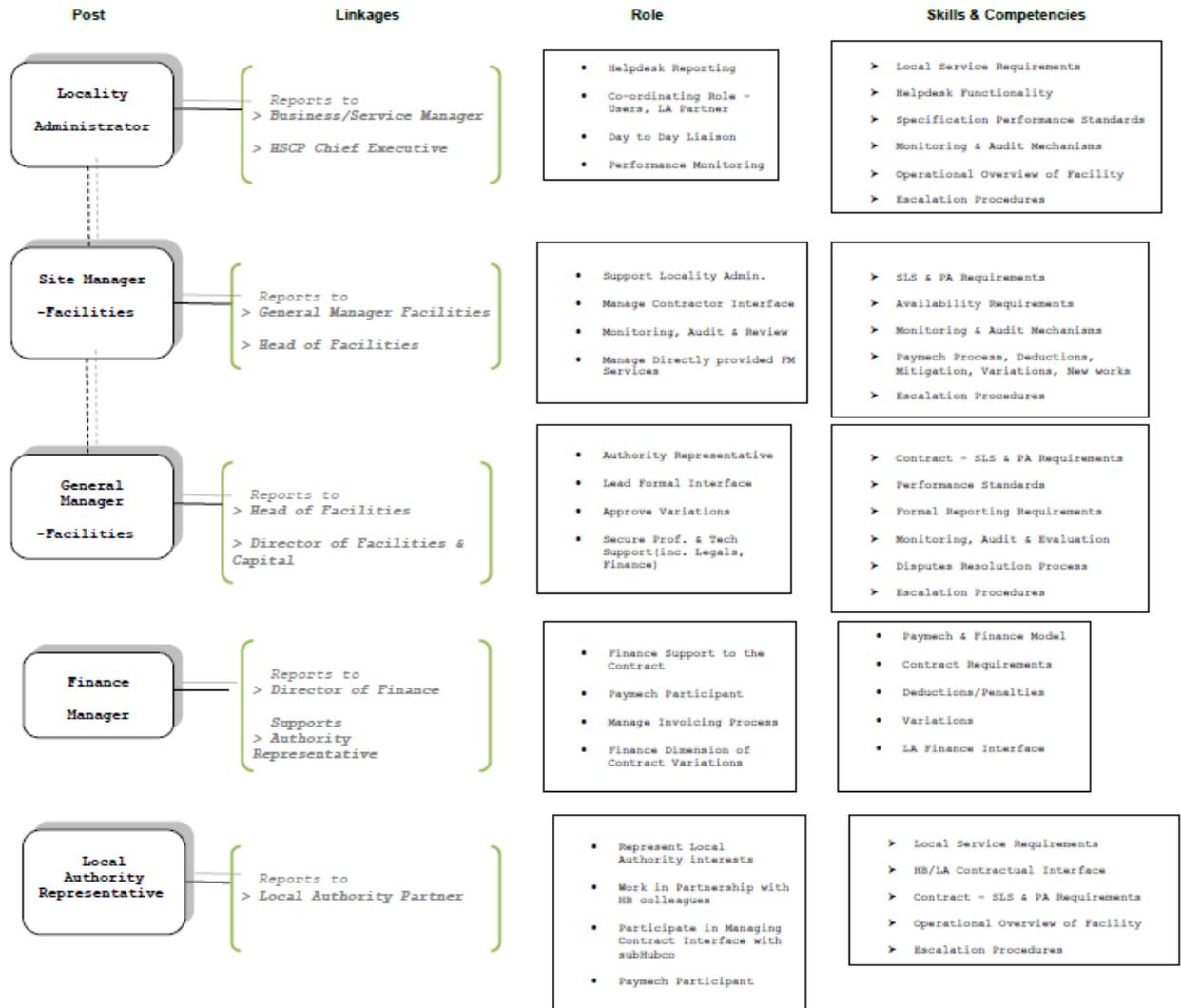
For Health Board roles within the Facilities & Capital Directorate (General Manager and Site Manager), the approach builds on broad experience of Managing PFI contracts, the fundamental principles of which have equivalence with hub Project Hard FM provision.

Also, Board FM and Local Authority partner posts identified were part of the contracting/bid evaluation /appointment process to identify the FM provider, led by hWS. This ensures close understanding of Service Level Specification (SLC) requirements and the specific offering, model and methodology undertaking that the successful FM provider will pursue.

Prior to the Operational Phase, training will be provided to Local Administrator, Business Manager and Service Manager on the operation of the contract, including Helpdesk and response standards, consequences of failure and availability, penalties and deductions, principles of mitigation, formal and informal disagreements and disputes resolution, new works process, monitoring, reporting, audit and evaluation.

The training will incorporate workshops involving the Hard FM provider, colleagues operationally engaged with current PFI projects and SFT Advisors who have supported the Board in improving contract management of these projects.

Management & Reporting Governance



Performance Monitoring and Management – Operational Phase

Reporting to Helpdesk

Locality NHS Administrator/Representative will establish a single point of communication with subHubco Helpdesk.

All calls to Helpdesk will be logged from date and time of initiation to completion/sign off.

Local interfaces will be established to ensure clear communication mechanisms are in place to co-ordinate between the various parties occupying the facility.

Local Management and appropriate staff will have a thorough understanding of key service delivery principles and requirements identified in the contact documentation.

An Incidents/Events log will be kept to record issues for discussion with subHubco, but not necessarily subject to contractual specification.

This may include issues of communication, liaison, access, service compliments or complaints.

Pre-Paymech Meeting : Monthly

A pre Paymech meeting will be held monthly, chaired by the Authority's Representative/nominee. Attendees will include Local Admin and Board Finance Rep.

The purpose of the meeting will be to review and agree the Monthly Service Report (MSR) provided by subHubco.

The Helpdesk Calls Log and Incidents/Events Log will be used to review and validate.

Any points for discussion/clarification will be confirmed. The meeting will be scheduled to meet timescales for agreement of the MSR and impacts on monthly Unitary Charge.

Paymech Meeting : Monthly

A monthly meeting will be held with subHubco to agree the MSR.

The Authority Rep/nominee will lead for the Board, support by the Finance Representative.

In addition to the MSR, subHubco will report on outcomes from the QMP, including customer satisfaction.

Audit : this will be carried out at the discretion of the Authority Representative.

Annual Review

The Annual Service Report will be used as the basis for an Annual Review with subHubco.

This will be led by the Authority's Representative/nominee.

8.8 Change Management

To achieve successful change management outcomes key staff will continue to be involved in a process of developing detailed operational policies and service commissioning plans.

8.9 Benefits Realisation

The Benefits Criteria articulated in the OBC are all desirable outcomes for the project that are expected to be achieved by the preferred option. Criteria were identified and designed to be clear and capable of being consistently applied by the stakeholder group involved in the review of the short-listed options.

The benefits identified will be monitored in accordance with the Benefits Realisation Plan outlined within Table 15.

The plan outlines how the Benefits Criteria (including the financial benefits) will be measured and monitored through the project's lifetime. This is in order that a meaningful assessment can be made of the benefits yielded by the project and to benchmark the assessment criteria themselves so that lessons learned can be fed back into future projects. The monitoring and review of achievement in relation to each of these service aims will be built into the work plans of the management team as appropriate.

8.10 Risk Management

The strategy, framework and plan for dealing with the management of risk are as required by SFT in regard to all hub projects. A project risk register has been prepared with the PSDP which is actively managed by the Project Manager and reviewed on a monthly basis with the team.

8.11 Post Project Evaluation

Following satisfactory completion of the project, a Post Project Evaluation (PPE) will be undertaken. The focus of the PPE will be the evaluation of the procurement process and

the lessons to be learned made available to others. The report will review the success of the project against its original objectives, its performance in terms of time, cost and quality outcomes and whether it has delivered value for money. It will also provide information on key performance indicators.

The PPE would be implemented (in accordance with the SCIM guidance documentation) in order to determine the project's success and learn from any issues encountered. It will also assess to what extent project objectives have been achieved, whether time and cost constraints have been met and an evaluation of value for money.

This review will be undertaken by senior member of the Project Board with assistance as necessary from the PSDP Project Managers. It is understood that for projects in excess of £5m Post Project Evaluation Reports must be submitted to the Scottish Government Property and Capital Planning Division.

The following strategy and timescales will be adopted with respect to project evaluation:

- a post project evaluation will be undertaken within 6 months after occupation;
- the benefit realisation register, developed during the Full Business Case stage, will be used to assess project achievements and
- clinical benefits through patient and carer surveys will be carried out and trends will be assessed.

In parallel with the Post Project Evaluation the review will incorporate the views of user groups and stakeholders generally.

Whilst review will be undertaken throughout the life of a project to identify opportunities for continuous improvement, evaluation activities will be undertaken at four key stages:

Table 42 – PPE stages

Stage 1	At the initial stage of the project, the scope and cost of the work will be planned out.
Stage 2	Progress will be monitored and evaluation of the project outputs will be carried out on completion of the facility.
Stage 3	Post-project evaluation of the service outcomes 6 months after the facility has been commissioned.
Stage 4	Follow-up post-project evaluation to assess longer-term service outcomes two years after the facility has been commissioned.

The PPE review for this project will include the following elements:

Post Project Audit

The project audit will include:

- brief description of the project objectives;
- summary of any amendments to the original project requirements and reasons;
- brief comment on the project form of contract and other contractual/agreement provisions;
- organisation structure, its effectiveness and adequacy of expertise/skills available;
- master schedule – project milestones and key activities highlighting planned v actual and whether they were met; and,
- unusual developments and difficulties encountered and their solutions.

Brief summary of any strengths, weaknesses and lessons learned, with an overview of how effectively the project was executed with respect to the designated requirements of:

- cost;
- planning and scheduling;
- technical competency;
- quality;
- safety, health and environmental aspects e.g. energy performance;
- functional suitability;
- was the project brief fulfilled and does the facility meet the service needs? What needs tweaking and how could further improvements be made on a value for money basis?
- added value area, including identification of those not previously accepted;
- compliance with NHS requirements; and,
- indication of any improvements, which could be made in future projects.

Cost and Time Study

The cost and time study will involve a review of the following:

- effectiveness of:
 - cost and budgetary controls, any reasons for deviation from the business case time and cost estimates;
 - claims procedures;
- authorised and final cost;
- planned against actual cost and analysis of original and final budget;
- impact of claims;
- maintenance of necessary records to enable the financial close of the project;
- identification of times extensions and cost differentials resulting from amendments to original requirements and/or other factors; and,
- brief analysis of original and final schedules, including stipulated and actual completion date; reasons for any variations.

Performance Study

The performance study will review the following:

- planning and scheduling activities;
- were procedures correct and controls effective?
- were there sufficient resources to carry out work in an effective manner?
- activities performed in a satisfactory manner and those deemed to have been unsatisfactory; and,
- performance rating (confidential) of the consultants and contractors, for future use.

Project Feedback

Project feedback reflects the lessons learnt at various stages of the project. Project feedback is, and will be, obtained from all participants in the project team at various stages or at the end of key decision making stages.

The feedback includes:

- brief description of the project;
- outline of the project team;
- form of contract and value;
- feedback on contract (suitability, administration, incentives etc);
- technical design;
- construction methodology;
- comments of the technical solution chosen;,,
- any technical lessons learnt; and,
- comments on consultants appointments;
- comment on project schedule;
- comments on cost control;
- change management system;
- major source(s) of changes/variations;
- overall risk management performance;
- overall financial performance;
- communication issues;
- organisational issues;
- comments on client's role/decision making process;
- comments on overall project management; and,

- any other comments.

9 Glossary of Terms

Term	Explanation
Benefits	Benefits can be defined as the positive outcomes, quantified or unquantified, that a project will deliver.
Cost Benefit Analysis	Method of appraisal which tries to take account of both financial and non-financial attributes of a project and also aims to attach quantitative values to the non-financial attributes.
Design and Development Phase	The stage during which the technical infrastructure is designed and developed.
Discounted Cash Flows	The revenue and costs of each year of an option, discounted by the respective discount rate. This is to take account of the opportunity costs that arise when the timing of cash flows differ between options.
Economic Appraisal	General term used to cover cost benefit analysis, cost effectiveness analysis, investment and option appraisal.
EQIA	Equality and Impact Assessment
Equivalent Annual Cost	Used to compare the costs of options over their lifespan. Different lifespans are accommodated by discounting the full cost and showing this as a constant annual sum of money over the lifespan of the investment.
Full Business Case (FBC)	The FBC explains how the preferred option would be implemented and how it can be best delivered. The preferred option is developed to ensure that best value for money for the public purse is secured. Project Management arrangements and post project evaluation and benefits monitoring are also addressed in the FBC.
Initial Agreement (IA)	Stage before Outline Business Case, containing basic information on the strategic context changes required overall objectives and the range of options that an OBC will explore.
Net Present Value (NPV)	The aggregate value of cash flows over a number of periods discounted to today's value.

Term	Explanation
Outline Business Case (OBC)	The OBC is a detailed document which identifies the preferred option and supports and justifies the case for investment. The emphasis is on what has to be done to meet the strategic objectives identified in the Initial Agreement (IA). A full list of options will be reduced to a short list of those which meet agreed criteria. An analysis of the costs, benefits and risks of the shortlisted options will be prepared. A preferred option will be determined based on the outcome of a benefit scoring analysis, a risk analysis and a financial and economic appraisal.
Principal Supply Chain Partner (PSCP)	The PSCP (Contractor) offers and manages a range of services from the IA stage to FBC and the subsequent conclusion of construction works.
Risk	The possibility of more than one outcome occurring and thereby suffering harm or loss.
Risk Workshop	Held to identify all the risks associated with a project that could have an impact on cost, time or performance of the project. These criteria should be assessed in an appropriate model with their risk being converted into cost.
Scope	For the purposes of this document, scope is defined in terms of any part of the business that will be affected by the successful completion of the envisaged project; business processes, systems, service delivery, staff, teams, etc.
Sensitivity Analysis	Sensitivity Analysis can be defined as the effects on an appraisal of varying the projected values of important variables.
Value for Money (VfM)	Value for money (VfM) is defined as the optimum solution when comparing qualitative benefits to costs.

APPENDIX A

Initial Agreement Approval Letter

APPENDIX B

GCC Commitment

APPENDIX C

Equality Impact Assessment

APPENDIX D

Risk Register

APPENDIX E

Economic & Financial Appraisal

APPENDIX F

Performance Scorecard

APPENDIX G

BREEM

APPENDIX H

Design Reports

APPENDIX I

Schedule of Accommodation

APPENDIX J

Design Statement

APPENDIX K

HAISCRIBE

APPENDIX L

Programme

APPENDIX M

Communication & Engagement Plans