

NHS Greater Glasgow & Clyde



New Gorbals Health and Care Centre



Full Business Case

Issue and Revision Record

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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 social care services are delivered to the people of the Greater Gorbals area in South Glasgow.

1.1.1 Full 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. Subsequently the Outline Business Case (OBC) received approval on 24th April 2015. A copy of the approval letter is enclosed at Appendix A. The final stage of the process is presenting a FBC outlining the preferred option in detail for approval by CIG.

Planning permission was submitted to Glasgow City Council planning department on 29 June 2015 and received approval on 11 December 2015 (Appendix B).

The purpose of this report is to present the Full Business Case for the project. This will justify and demonstrate the proposals for the development of the New Gorbals Health and Care Centre. Specifically the purpose of this FBC is to:

- Review work undertaken within the OBC, detailing any changes in scope and updating information as required.
- Describe the value for money option including providing evidence to support this.
- Set out the negotiated commercial and contractual arrangements for the project.
- Demonstrate that the project is affordable
- Establish detailed management arrangements for the successful delivery of the project.

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:

- **A National Clinical Strategy for Scotland**, February 2016;
- **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.
- Public Bodies (Joint Working) (Scotland) Act 2014: integrating health and social care services under a single organisation to improve the care experience and outcomes for patients and service users

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 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 NHS GG&C Clinical Services Strategy was agreed by the NHS Board in February 2015 and set out nine key themes:

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 Health and Social Care Partnerships (HSCPs), working with six partner Local Authorities.

Glasgow City HSCP was established in February 2016 with responsibility for the planning and delivery of all primary care, social work, community health and mental health services, including services to children, adult community care groups, criminal justice and health improvement.

The HSCP covers the geographical area of Glasgow City Council, a population of 593,245 and includes 154 GP practices, 135 dental practices, 186 pharmacies and 85 optometry practices. Services are delivered in three geographical localities:

- North West Glasgow with a population of 206,483;

- North East Glasgow with a population of 167,518; and,
- South Glasgow with a population of 219,244.

Glasgow City HSCP has an annual revenue budget of approximately £1.13 billion, with a staffing compliment of approximately 9000 staff.

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 following key principles set out by Glasgow City HSCP's Integration Joint Board within its Strategic Plan for 2016-19:-

- early intervention, prevention and harm reduction;
- shifting the balance of care;
- enabling independent living for longer and
- public protection

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 Locality of Glasgow City HSCP.

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.

1.2.4 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 2016/17.

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 HSCP's objectives and priorities are described in the HSCP's Strategic Plan 2016-19 and reflect the corporate priorities for the NHS Board. The key development objectives for this project centre on the following key corporate themes for the NHS 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.

1.2.5 Investment Objectives

During the development the Outline Business Case, the investment objectives were reviewed and validated. These were used to appraise options and select the preferred option. In addition at OBC stage SMART objectives were determined in accordance with SCIM guidance (including baseline data for measurement and timing of assessment of the objectives. These objectives have been reviewed again as part of the preparation of the Full Business Case and confirmed as valid. Investment objectives are set out in table 14 within section 3.

1.2.6 Existing Arrangements and Case for Change

The current Gorbals Health Centre is the base for four GP practices (comprising 19 GPs in total) and serves a practice population of approximately 26,600. The health centre was built in the early 1970s and requires a significant level of on-going 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.

1.2.7 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 service users, and enable closer integrated working between health and social care services in the Gorbals. Since the submission of the OBC there have been no significant changes to the scope of the project.

1.2.8 Changes since OBC

The changes since Outline Business Case to the project are limited and can be summarised as follows:

- Total area of the building confirmed at 6,509sqm based upon an agreed schedule of accommodation.(6,477sqm at OBC stage)
- Total occupancy of the building is now estimated to be 450 across all disciplines (440 at OBC stage)
- Final area and configuration of the site has been agreed and reflected on the stage E proposals.
- Cost position – Capital costs have increased from OBC from £16,074,587 to £17,021,460. Unitary Charge has increased from £1,484,065 to £1,676,332 mainly due to GCC capital contribution being removed and replaced by revenue. SGHSCD contribution has in fact reduced from £1,315,729 to £1,200,417 due to reduction in gilt rates and revised funding terms since OBC.

A revised Affordability Cap was set taking account of inflationary uplift, technical changes to the project, further design development and site issues. The revised figures were supported by SFT and the Boards technical advisors, reflecting the true cost of the proposed works.

There are a number of items still to be clarified before Financial Close but the total final cost will not exceed the affordability cap.

- ESA 10 and contractual situation has been resolved since the OBC was approved therefore the FBC now reflects this position both financially and contractually.

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 critical success factors were subject to workshop discussion at the early stages of the project and set out within the OBC. These have been revalidated as part of the preparation of this FBC and are outlined in Section 4 – Economic Case.

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

	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

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

1.3.3. Results of Economic and Financial Appraisal

The result of the benefit scoring in the format used in the OBC is summarised in the table below which indicates that Option 10 'Sandiefield Site' is the highest scoring option. Costs for options 2,4 and 11 have been updated for the FBC as set out in section 4 - Economic Case.

This validates the outcome at OBC indicating that Option 10 provides the greater economic benefit compared to the other options.

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	£13,664,588	£26,905,697	£27,597,623	£26,776,186
Cost per benefit point	b/a	£2,620.25	£3,248.30	£2,327.93	£3,359.62
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 Sustainability Case

The stage 2 reports highlights that the Stage 2 design is on track to achieve a BREEAM score of 75.65 although the 'current' fully validated score is 30.47. The requirement is to achieve BREEAM 'Excellent' which requires a score of 70 which is well below the target score.

1.5 Commercial Case

1.5.1 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.

1.5.2 Risk Allocation

Having identified the risks relating to the project and quantifying each, a review of the appropriate allocation of each was undertaken prior to agreement of the Guaranteed Maximum Price. In accordance with the hub process a total of 1% risk is allowed at the construction stage. This equates to £142,965 which is included within the GMP.

1.5.3 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 DBFM Co 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.

1.5.4 Agreed Personnel Implications

As the management of soft facilities management services will not transfer to DBFM Co, there are no anticipated personnel implications for the DBFM Agreement

1.6 Financial Case

1.6.1 Capital and revenue costs - Stage 2

The capital cost for the preferred option is £17,021,459 as outlined in the stage 2 report and includes Prelims (10.80%), overheads & profit (4.00%) new Project Development Fee (5.993%), Additional Management Costs (2.483%), DBFM Fees (1.698%), hubco (1.83%).

1.6.2 Revenue Costs and Funding

The following table summarises the revenue costs and associated funding for the project. In addition to revenue funding required, capital investment will also be required for land purchase, equipment and subordinated debt investment. The following table in the first year of operation demonstrates that at FBC submission, the project revenue funding is cost neutral:

Table 3 – Revenue Costs

Recurring Revenue Funding	£'000
SGHSCD Unitary Charge support	1,200.4
NHSGG&C recurring funding	1,115.6

NHSGGC funding from GCC	452.3
Total Recurring Revenue Funding	2,768.3

Recurring Revenue Costs	£'000
Total Unitary charge(service payments)	1,676.3
Depreciation on Equipment	67.5
Facility running costs	384.6
IFRS - Depreciation	538.6
NHSGGC Recurring Costs	2,667.0
GCC recurring costs	101.3
Total Recurring Revenue Costs	2,768.3

1.6.3 Financing and Subordinated Debt

Hub west 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 project.

The senior debt facility will be provided by Aviva, 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, a summary of the sources of finance are shown below:

Table 4 – Financing summary

	Gorbals
Senior Debt (£000)	16,771
Sub debt (£000)	1,652
Equity (£000)	0.01
Total Funding	18,423

The value of the required sub debt investment to be injected at financial close is as follows:

Table 5 – Sub debt value

	NHS GG&C	GCC	SFT	hubco	Total
Proportion of sub debt	10%	10%	20%	60%	100%
£ sub debt	141,070	141,070	282,140	846,420	1,140,700

1.6.4 Financial Model

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

Table 6 - Key inputs and outputs of financial model

Output	Gorbals
Capital Expenditure (capex & development costs)	17,021k
Total Annual Service Payment (NPV)	16,694k
Nominal project return (post tax)	5.39%
Nominal blended equity return	10.50%
Gearing	91.03%
All-in cost of debt (including 0.5% buffer)	2.50%
Minimum ADSCR ¹	1.150
Minimum LLCR ²	1.164

1.6.5 Glasgow City Council Commitment

Glasgow City Council (GCC) capital cost equates to £3,556,388. GCC will fund this through revenue.

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.

1.7 Management Case

1.7.1 Project Programme

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

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

Table 7 – Programme

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

Stage 2: Approval of OBC	April 2015
Stage 3: Submission of FBC	Dec 2016
Stage 4: Start on site	Feb 2017
Completion date	Sept 2018
Services Commencement	Oct 2018

1.7.2 Project Management Arrangements

A Project Board has been established and is chaired by David Walker the Head of Operations South, Glasgow City HSCP 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;
- specialist children's services;
- social work services;
- addictions;
- New Gorbals Housing Association;
- Glasgow City Council;
- hub Co;
- the HSCP;
- NHS Board; and,
- community representatives.

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

1.7.3 Consultation with Stakeholders and the Public

An extensive programme of community engagement has been undertaken as part of the consultation process on the project since the development of the outline business case and will continue as the project progresses. Further details are set out in section 8 – Management Case.

1.7.4 Benefits Realisation, Risk and Contract Management and Post Project Evaluation

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.

The risk register includes reference to the concerns expressed by GPs to the planned 'open' design of GP reception areas and that sign-off on room data sheets (RDS) by GPs currently remains outstanding. Glasgow City HSCP has proposed to undertake a learning exercise from the recently opened Maryhill Health and Care Centre to review their experience of operating with open receptions in the context of the concerns expressed by Gorbals Health Centre GPs. The output from the learning exercise will inform whether there is a need to alter the design of GP reception areas for this project. Liaison will also take place with East Renfrewshire HSCP to share learning from the newly opened Eastwood Health and Care Centre, which was chosen as the benchmark reference design for new primary care health centres. In the current absence of GP sign-off, Glasgow City HSCP will take responsibility for signing off GP RDS.

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 FBC

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

2 Introduction

2.1 Background

NHS GGC has entered into partnership with GCC who will relocate its existing Social Work services based in the Gorbals within the new facility. 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 social 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 FBC.

2.3 FBC Purpose and Compliance

The overall purpose of the Full Business Case (FBC) is to justify and demonstrate the proposals for the development of the new Gorbals Health and Care Centre. Specifically the purpose of this FBC is to:

- Review work undertaken within the OBC, detailing any changes in scope and updating information as required.
- Describe the value for money option including providing evidence to support this.
- Set out the negotiated commercial and contractual arrangements for the project.
- Demonstrate that the project is affordable
- Establish detailed management arrangements for the successful delivery of the project.

The structure and content of the Full Business Case is based on the need to justify proposed decision making, 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 Outline Business Case and prepares the way to proceed to financial close and contract signature.

The following table illustrates the structure of the Full Business Case, reflecting the approach taken in the OBC alongside current Scottish Government Health Directorate guidance

Table 8 – FBC Structure

Section	Description
▪ 1. Executive Summary	▪ Provides a summary of the Full Business Case (FBC) content and findings.
▪ 2. Introduction	▪ Provides the background and methodology used in preparing the FBC.
▪ 3. Strategic Case	▪ Reviews the case for change, scope and underlying assumptions as set out in the OBC.
▪ 4. Economic Case	▪ Revisiting the OBC options, assumptions, procurement process and updates the economic case.
▪ 5. Sustainability Case	▪ Considers NHS GGC policy on developing sustainable facilities.
▪ 6. Commercial Case	▪ Sets out the agreed deal and contractual arrangements.
▪ 7. Financial Case	▪ Sets out the financial implications of the deal. .
▪ 8. Management Case	▪ Sets out agreed arrangements for project and change management, benefits realisation, risk and contract management and post project evaluation.

2.4 Further Information

For further information about this Full Business Case please contact:

Ian Docherty
Project Manager
Capital Planning & Procurement
NHSGG&C

Tel: 0141 232 2003 E-Mail: ian.docherty@ggc.scot.nhs.uk

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

At a national level, the key policy drivers supporting the development of a new health & care centre include:

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

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.

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

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 FBC 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

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:

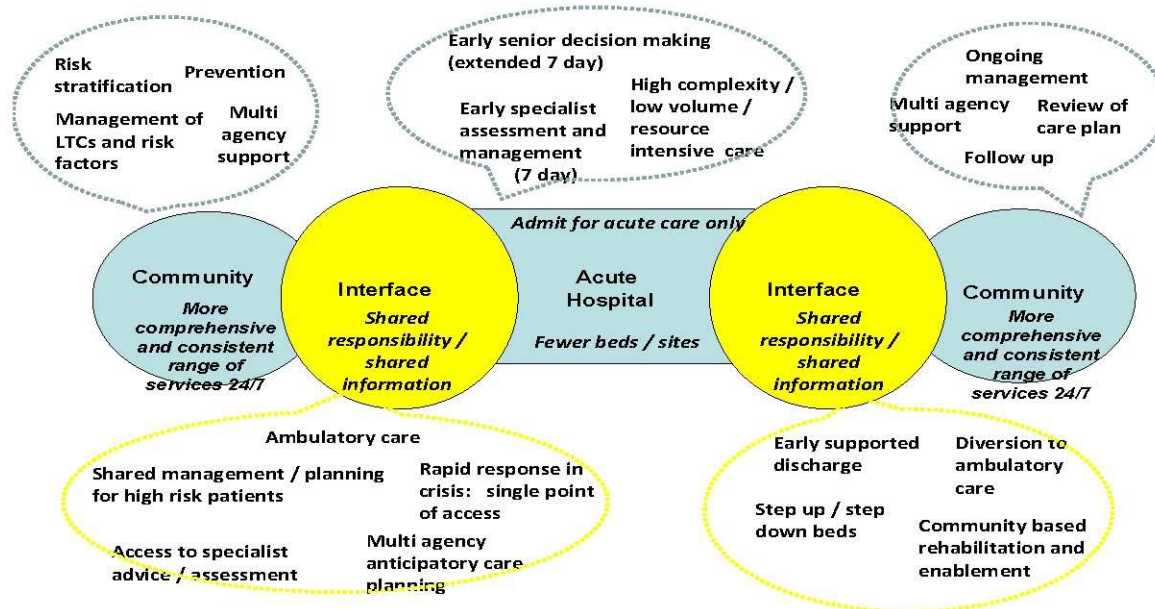
1. the health needs of our population are significant and changing;
2. we need to do more to support people to manage their own health and prevent crisis;
3. our services are not always organised in the best way for patients; we need to ensure it is as easy to access support to maintain people at home, 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. The final Clinical Services Strategy was approved by the NHS Board in February 2015.

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 Health and Social Care Partnerships co-terminus with the six 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 Health and Social Care Partnerships are responsible for the full range of community based health services and social work services delivered in homes, health

centres, social work offices, clinics and schools. These include health visiting, district nursing, speech and language therapy, physiotherapy, podiatry, mental health, social work services and addictions. The Health and Social Care Partnerships also work in partnership to improve the health of their local populations and reduce health inequalities.

The HSCPs 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 HSCP

Glasgow City HSCP became operational formally in February 2016. Through its Integration Joint Board, it is responsible for the planning and delivery of a range of services and functions that have been delegated to it by Glasgow City Council and NHSGGC. These include:

- District nursing services
- Services provided by allied health professionals such as dieticians and occupational therapists
- Dental services
- Primary medical services (including out of hours)
- Ophthalmic services
- Pharmaceutical services
- Sexual Health Services
- Mental Health Services
- Alcohol and Drug Services
- Services to promote public health and improvement
- School Nursing and Health Visiting Services
- Social Care Services for adults and older people
- Carers support services
- Social Care Services provided to Children and Families, including:
 - Fostering and Adoption Services
 - Child Protection
- Homelessness Services
- Criminal Justice Services
- Palliative care services
- strategic planning for Accident and Emergency services provided in a hospital
- strategic planning for inpatient hospital services relating to the following branches of medicine:
 - general medicine;
 - geriatric medicine;
 - rehabilitation medicine;
 - respiratory medicine.

Glasgow City HSCP has an annual revenue budget of approximately £1.13 billion, with a staffing compliment of approximately 9000 staff.

The HSCP covers the geographical area of Glasgow City Council, a population of 593,245* and includes 154 GP practices, 135 dental practices, 186 pharmacies and 85 optometry practices. Services within the HSCP are delivered in three geographical localities:

- North West Glasgow with a population of 206,483
- North East Glasgow with a population of 167,518
- South Glasgow with a population of 219,244

*Source: Social Work Area Demographics, September 2014 (based on 2011 census)

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 following key principles set out by Glasgow City HSCP's Integration Joint Board within its Strategic Plan for 2016-19:-

- early intervention, prevention and harm reduction;
- shifting the balance of care;
- enabling independent living for longer and
- public protection

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 SIMD 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 9 – Life Expectancy

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
Male life expectancy	69.8	71	68.8	71.7	76.6
Female life expectancy	77.9	78.3	76.7	77.5	80.8

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 10 – Alcohol and Drugs

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
Alcohol related hospital admissions (rate per 100k)	1972.6	1172	1888.9	1098.5	671.7
Drugs related hospital admissions (rate per 100k)	377.1	1266.8	344.5	245.3	122

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 11 – 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)	573.9	317.6	665	305.6	291.6

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 12 – Hospital Admissions

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
Hospitalisation for COPD (rate per 100k)	1723.8	1521.4	1521.9	1328.9	659.9
Emergency Admissions (rate per 100k)	10526.3	10699.9	10204.7	9806.3	7500.2
Multiple admissions people aged 65+ (rate per 100K)	9599.4	7244.9	10204.7	9806.3	7500.2

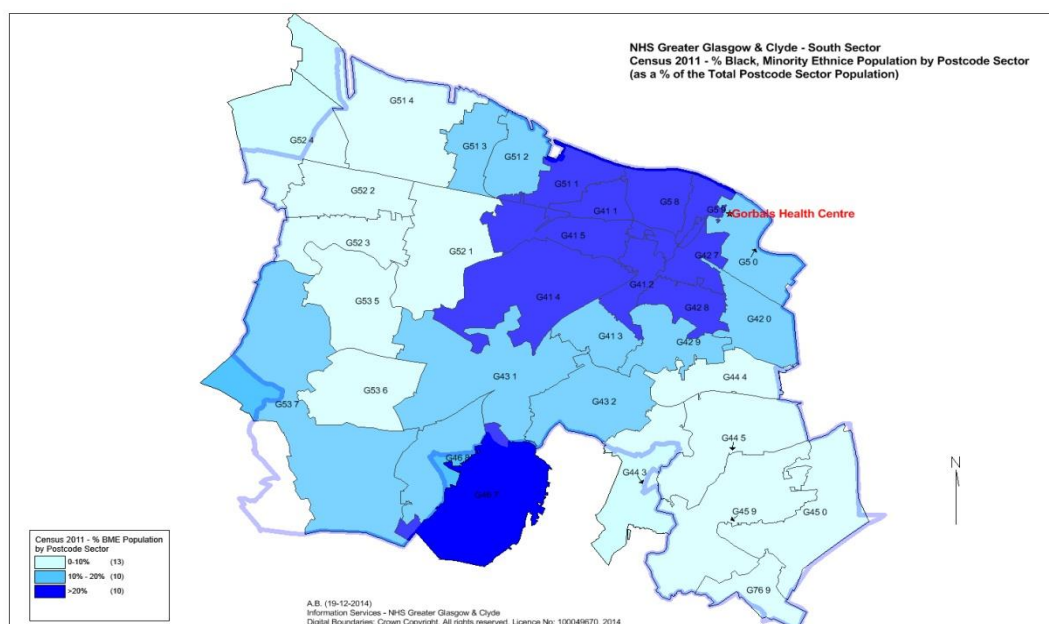
Child health – there are high rates of teenage pregnancies and smoking in pregnancy in the Gorbals area when compared with rates nationally. Breast feeding rates in the Gorbals have traditionally be high in the main due to a local initiative.

Table 13 – Child Health

	Gorbals & Hutchesontown	Toryglen & Oatlands	Govanhill East & Aitkenhead	Castlemilk	Scotland
Teenage pregnancy (rate per 100k)	63	62	74	38	44.6
Smoking in pregnancy	23%	20.9%	15.7%	25.6%	20%
Breastfeeding	28.4%	15.5%	31.9%	14%	26.5%

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 HSCP Strategic Plan 2016-19

The HSCP's objectives and priorities are set out in the HSCP's Strategic Plan 2016-19 and reflect the corporate priorities for the NHS Board and Glasgow City Council. The key development objectives for this project centre on the following key corporate themes:

- 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.

Key outcomes within the HSCP Strategic Plan to deliver those corporate themes include:

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

Equality Impact Assessment

As part of the process of developing the OBC, we have undertaken an Equality Impact Assessment (EQIA) of the aims and objectives of this new development. The results of the EQIA were included in the OBC. As part of the development of this FBC we have established an associated action plan which is enclosed at Appendix C.

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

The HSCP 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 the HSCP 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 NHS staff in the HSCP 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.

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 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 care services change, effective workforce and recruitment plans will need to reach sections of the population that may not have traditionally worked in the NHS or social care services.

A significant element of this is to ensure recruitment into the HSCP from a wider pool of people who would not normally access NHS or social care 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

The HSCP 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, the HSCP 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

The HSCP 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.

3.5.8 Agile Working

The HSCP 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 or Council approved device will be able to work from any of these locations. 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 HSCP through an organisational development approach.

3.6 Investment Objectives

The investment objectives as set out in the Outline Business Case for the project have been reviewed and remain valid. These are:

Table 14 – 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 on-going 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 on-going 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.

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 15 – 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

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 Work Services

As part of the project, Glasgow City Council will also relocate social work services from their current leased 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 16 – Business Scope

	Min	Inter	Max
Potential Business Scope			
To enable the HSCP 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 HSCP 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 HSCP		<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 "HAI Scribe" 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. The current costs allow circa £50,000 in relation to art and art strategy ; 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

. During the development the Outline Business Case, benefits criteria were developed and agreed. These were reviewed as part of the preparation of the Full Business Case and substantially updated. They are set out in the table below. In addition the detailed benefits realisation plan is enclosed at Appendix M.

Table 17 – Benefits Criteria

	Main Benefit	Measured By	Baseline Measure	Target / Projected Impact
1	Enable speedy access to modernised and integrated primary care and community health services	<ul style="list-style-type: none"> - Service waiting times - GP access targets: % positive rating for accessing GP practice urgently % able to make appointment 3 days in advance - monitor patient activity and throughput in treatment rooms; - monitor levels of patient activity / consultations across all services; - patient registration with general practice 	<ul style="list-style-type: none"> -Podiatry clinic new patient wait 4 weeks (<i>Head of Service</i>) - Alcohol & Drugs RTT in 3 weeks: 100% achieved (<i>HSCP performance report June 2016</i>) - access to specialist CAMHS: longest wait 18 weeks (<i>HSCP performance report June 2016</i>) -PCMHT RTT in 18 weeks: 88% achieved (<i>HSCP performance report June 2016</i>) % positive rating across 4 GP practices: 90.25% 2015/16 (<i>Scottish Health and Care experience survey</i>) % positive rating across 4 GP practices: 87.5% 2013/14 (<i>Scottish Health and Care experience survey- 3 days advance measure</i>) GP consultations / treatment room activity not routinely collected – will require baseline audit to be undertaken Combined patient list size: 26,661 (including 	<ul style="list-style-type: none"> - reduced waiting times across all services Improve positive experience rating - increase number of musculoskeletal annual appointments -Improve positive experience rating - increased number of patient consultations; - increased patient throughput in treatment rooms; -increased patient registration in line with demographic projections

			branch practice information)	
2	Promote a greater focus on prevention and anticipatory care	<ul style="list-style-type: none"> - monitor level of anticipatory care plans; - LTC bed days per 100,000 -LTC discharges per 100,00 - rate of emergency admissions 75+ - Referrals to financial inclusion and employability -carer assessments - screening and immunisation rates 	<p>Under Integrated Care Fund, we are developing a model for anticipatory care that will be supported by the roll-out of anticipatory care plans. A baseline for performance will be set in 2016/17</p> <p>-South rate: 9991 March 16 (<i>Sharepoint</i>) -South 3859 discharge March 16 (<i>Sharepoint</i>)</p> <p>Glasgow City rate: 5965 per 1000 – January 2016 (<i>Sharepoint</i>)</p> <p><i>Glasgow City – 1897- (April 16 performance report)</i></p> <p>South: 1540 2015/16 (<i>HSCP performance report June 2016</i>)</p> <p>-South bowel screening 48.7% uptake (Mar 2015 – <i>Sharepoint</i>) -South cervical screening 72.6% uptake (<i>Sharepoint</i> Jun 15) -South breast screening 65.6% uptake - <i>Sharepoint</i></p>	<ul style="list-style-type: none"> - increased number of patients with anticipatory care plans; - Reduction in LTC bed days and discharges - reduction in rate of patients aged 75 plus admitted as an emergency; -increased number of social prescribing referrals -increase number of carer assessments -increased uptake of screening and immunisation programmes
3	Improve the patient and service user experience	<ul style="list-style-type: none"> - monitor levels of patient and user satisfaction: Overall % positive rating for care provided by GP practice 	<p>% positive rating across 4 GP practices: 90.25% 2015/16 (<i>Scottish Health and Care experience survey</i>)</p>	<ul style="list-style-type: none"> - positive patient and service user feedback on both the facilities and services; - audit of service usage / waiting times; - monitor levels of patient registration; - survey of community use of facilities;

				- positive feedback from community groups and representatives
4	Promote integrated working between primary care, community health services, specialist children's services and social work services	<ul style="list-style-type: none"> - Patient's rating of referral arrangements to other services -Monitoring of Integration Delivery Principle: 'services are integrated from the point of view of services users' - monitor levels of liaison including meetings and informal contacts between all services; - review community use of facilities 	<p>% Positive rating across 4 GP practices 80.2%. (Scottish Health and Care Experience Survey (patients rating re referral)</p> <p>Will be monitored as part of national health & care outcomes. Baseline to be established.</p> <p>Local survey to be undertaken to establish baseline performance</p>	<p>Improve percentage of people expressing a positive experience</p> <ul style="list-style-type: none"> - increased levels of liaison between GPs and SWS; - increased levels of liaison between community health services and SWS; - increased levels of liaison between SCSs and SWS; - increased levels of liaison between community health services and SCS; - increased levels of liaison between GPs and SCS;
5	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 Locality's share of HSCP target for reduced carbon emissions. 	Will be assessed upon facility becoming operational	Meeting the sustainability standards as detailed in the Authority Construction Requirements (ACRs)
6.	Achieve a BREEAM Healthcare rating of 'Excellent'	<ul style="list-style-type: none"> - independent assessment by BREEAM accredited assessor 	Will be assessed upon facility becoming operational	BREEAM score of 70 or over. Securing BREEAM Healthcare Rating of Excellent
7	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 	Will be assessed upon facility becoming operational	Secure a joint statement of support from A+DS and HFS via the NHS Scotland Design Process (NDAP).
8	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 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. 	Will be assessed upon facility becoming operational	Compliance with Disability Discrimination Act, Building Control Standards and NHS SHTMs.

9.	Contributes to regeneration of area - supports development of surrounding area development.	Glasgow City Development Plan outcomes Glasgow City Single Outcome Agreement indicators	Qualitative assessment will be undertaken as part of reviewing implementation of Development Plan	Health & Care Centre will be deemed to have contributed significantly to regeneration of the area
10.	Contributes to improving the overall health & wellbeing of people in the area and reducing health inequalities	Health & Well Being Survey Results	Reference Scottish Public Health Observatory neighbourhood profiles	Long term aspiration to move a range of poor health and wellbeing outcome indicators linked to areas of deprivation in a positive direction that contributes to addressing health inequalities

3.11 Strategic Risks

Throughout the stage 2 process and development of the FBC the project participants have undertaken a series of risk workshops to review and update the risk register. This has included both strategic and design/project related risks. Mitigation and ownership of these risks was considered. A summary of the key risks at FBC stage is contained in Appendix G.

The risk register includes reference to the concerns expressed by GPs to the planned 'open' design of GP reception areas and that sign-off on room data sheets (RDS) by GPs currently remains outstanding. Glasgow City HSCP has proposed to undertake a learning exercise from the recently opened Maryhill Health and Care Centre to review their experience of operating with open receptions in the context of the concerns expressed by Gorbals Health Centre GPs. The output from the learning exercise will inform whether there is a need to alter the design of GP reception areas for this project. Liaison will also take place with East Renfrewshire HSCP to share learning from the newly opened Eastwood Health and Care Centre, which was chosen as the benchmark reference design for new primary care health centres. In the current absence of GP sign-off, Glasgow City HSCP will take responsibility for signing off GP RDS.

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 FBC approvals are complete both for NHS and GCC who are also to occupy the building.

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 HSCP 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. Full Planning approval for the new facility was granted on 11 December 2015. Refer to Appendix B, however there are a number of ‘conditions’ to this approval that need to be discharged as part of the pre construction and pre occupancy 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 and scoring at the early stages of the project and set out within the Outline Business Case. These have been revalidated as part of the preparation of this Full Business Case and are outlined below:

Table 18 – 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

4.3.1 Long List of Options

The long list of options developed at Outline Business Case stage was reviewed and confirmed as valid. These are summarised below:

Table 19 – 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 options that were shortlisted and assessed in the OBC are set out in the table below:

Table 20 – Short List

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.

Option	Description
10 – New build Health Centre – Sandiefield Site	The proposals for this location involve the agreement to purchase land recently made available by NGHHA through the demolition of two high rise tower blocks. The site is part of a master plan developed by NGHHA 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.

4.4 Non-Financial Benefits Appraisal

The short listed options were scored using the weighted benefit criteria and the results of the scoring of these options was set out in detail in the Outline Business Case and is replicated in the table below. As part of the preparation of this FBC, the scoring exercise has been revisited and the preferred options remains unchanged from the OBC stage as the highest ranking option. This included a review of the critical success factor appraisal set out in the OBC. This exercise confirmed that the outcomes presented within the OBC remain valid.

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

4.5 Summary of Economic Appraisal

An initial stage 2 submission was provided by hWS in November 2015. However at that time the price significantly exceeded the affordability cap for the project. A detailed review was undertaken at that stage involving all parties to the project. The outcome of this was the establishment of a revised affordability cap in May 2016 of £17,051,105.

The capital cost for the preferred option at OBC stage was £16,074,586, however the current capital costs at stage 2 (FBC) for the preferred option is £17,021,459. Whilst this is within the affordability cap it is an increase of circa £946k (6%) on the OBC figure. A detailed review was carried out by NHS GGC alongside GCC to establish the revised

affordability cap, recognising the changes that had occurred and to ensure all parties were satisfied it represented value for money.

As part of the FBC process a detailed technical review of the stage 2 submission has been carried out, including by the appointed technical advisors which has concluded that the capital costs submitted represents value for money. Some of the key changes since the stage 1 submission include:

- Increased building area to 6,509sqm (6,477sqm at stage 1)
- Programme delay to overall completion by Sept 2018 (May 2017 at stage 1)
- Revised requirements, including to achieve improved energy targets and updated regulations, technical standards covered by change control forms

It has also been verified that the stage 2 costs have been fully market tested in accordance with requirements.

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

Table 22 - Capital Cost Estimates

Option	Initial Capital Cost Estimate
Option 2 – Do Minimum	£4,332,860.36*
Option 4 – build new Gorbals Health centre at existing site	£16,499,900.68**
Option 10 – build new Gorbals Health centre at Sandiefield Site	£17,021,459.00***
Option 11 – build new Gorbals Health centre at Laurieston Site, Gorbals St.	£16,369,380.94**

* 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 since OBC stage 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 6.509sqm. It also includes allowances that match Option 10 for elements including Prelims (10.80%), overheads and profit (4%), new project development fees (6.65%), additional management costs (2.49%), DBFM fees (1.70%) and hubco portion (1.83%). An allowance (£133.92sqm) 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 1% risk allowance.

*** These costs are based on the detailed stage 1 report from hubco. They reflect the level of design completed to stage E. A technical review of the stage 2 submission has been carried out which has confirmed that the proposal demonstrates value for money and that costs are in line with market rates.

4.6 VfM Analysis

The table below shows the value for money analysis for the short listed options. The calculation for deriving the NPV figures are enclosed at Appendix E.

Table 23 - 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	£13,664,588	£26,905,697	£27,597,623	£26,776,186
Cost per benefit point	b/a	£2,620.25	£3,248.30	£2,327.93	£3,359.62
Rank		2	3	1	4

4.6.1 Summary and Conclusion

The result of the benefit scoring in the format used in the OBC is summarised in the table above which confirms that Option 10 – New Build at Sandiefield Site, is the highest scoring option whilst also meeting the critical success factors. Costs for options 4 and 11 have been reviewed to incorporate relevant elements of the GMP figure for option 10.

This validates the outcome of the OBC indicating that Option 10 provides the greater economic benefit compared to the other options.

4.7 Risk

4.7.1 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.

Continued monitoring and mitigation of all risks has continued through the FBC stage including at monthly project Board meetings.

The risk register has been a key tool in driving the on-going management of risk through the FBC stage. A copy of the risk register is included at Appendix D. This reflects the NHS risks at November 2016.

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

4.7.3 Key Risk and Costs Associated with Preferred Option

The outcome of the risk cost analysis exercise to establish the potential costs associated with the recorded risks at OBC stage was as follows:-

Preferred Option - total risk allowance of £756,359 which represented 7.5% of the Prime Cost (1% Construction Risk + 6.5% Project Un – Assessed Risk).

Through the stage 2 process risk has been managed out of the project as the detailed design has been developed.

A risk register has been provided in the stage 2 cost report. The stage 2 costs incorporate a risk allowance of £142,965 which is included in the Maximum Cost set out in the stage 2 report. This represents circa 1% of the Prime Cost including preliminaries and is in accordance with the allowances permitted under the Territory Partnering Agreement.

4.7.4 Sensitivity Analysis

It is clear from Table 23 above that Option 10 represents the most favourable option in NPV terms with a net cost per benefit point of £2,327.93. 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 12.55% 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 21 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 39.53% whilst the cost of Option 4 remained unchanged.

4.8 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 17% improvement on the standard metric at 87sqm/GP (standard is 105 sqm/GP);
- ratio of clinical space versus support space – an 22% uplift on the standard metric at a ratio of 1:3.6 (standard is a ratio of 1:3);

Commercial performance metrics:

- total project costs - a 12% improvement on total cost metric;
- prime costs - a 1% uplift on prime cost metric; and,
- lifecycle - an 8% uplift on the cost metric.

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

The abnormals 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; item 4 includes additional mechanical ventilation works necessary to deal with site specific acoustic issues; issue 5 – includes additional site specific hard landscaping works required due to site specific issues and terms related to purchase of site.

The LCC cost of £19.41/sqm has been obtained through market testing with Robertsons FM. This reflects project specific issues, including in relation to additional provision for cooling water at storage tank and finalised design..

The Stage 2 Cost Plan and the Stage 2 Final Pricing Report provided by hWS indicates that the cost to deliver Gorbals Health and Care Centre is £17,021,459, which is £29,646 below the agreed Affordability Cap of £17,021,105. The costs within the Stage 2

submission from HWS are based upon Prime Costs including site abnormal costs, risks including those defined within the Risk Register, additional inflation allowance and all development costs including tendered Design Team Fees. The Project Specific Issues and abnormal elements to the project include the items noted above.

As part of the development of the stage 2 design and FBC, 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.

4.9 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 confirmed as 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. The Stage 2 report includes updated work to that carried out for the FBC and includes a BREEAM Assessment report based on the stage E design. This indicates an expected score of 75.65 which is above the BREEAM threshold of 70%.

5.3 The Cost of Sustainable Development

Whilst the HSCP 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 Green Travel Plan

In compliance with NHS GGC travel policy and the Board's Carbon Plan 2014, the new building will have a Green Travel Plan (GTP) and associated parking management plan.. This plan will have defined targets for increased walk and cycle to work journeys for staff and reducing single occupancy car journeys for staff. Compliance with the plan will be monitored through the building user group chaired by the in-patient service manager. Provision of this Travel Plan is a condition of Planning Permission and should be in place before occupation of the facility. . A draft car parking management plan has already been submitted to the Council for comment.

5.5 Summary

The project team has given careful consideration to the on-going 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 on-going 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

This section of the Full Business Case sets out the terms of the negotiated agreement.

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 FBCs.

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 the OBC was approved and as a result of the ESA 10 issue, there has been a revised delivery structure established by SFT for DBFM projects. As this project includes design, construction and certain elements of hard Facilities Management services the contracting parties (one of which is the DBFM Co) will be required to enter into SFT's current standard form Design, Build, Finance and Maintain Agreement for hub projects.

6.3 Agreed 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.

A missive to purchase the land has been agreed with New Gorbals Housing Association and this will be concluded early in the new year before financial close..

6.3.2 Site Access, Constraints and Orientation

The site has a number of challenging engineering issues associated with ground conditions and utilities, all of which have been fully accounted for in the stage 2 design proposals and associated costs. Diversion of a Scottish Power has been undertaken by NHS as this was a pre-requisite to start on site.

The management of car parking associated with the site is recognised as an issue of concern for staff, visitors and patients. It is a requirement of the planning permission that a parking management plan is developed, and this is currently in preparation. 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 is being developed for the new facility.

This includes, a range of support 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.

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

6.3.3 Design Development

The design has been developed for the Gorbals Health and Care Centre with key stakeholders, using the Eastwood Health and Care Centre as the reference point. Throughout the stage 2 process the design has been developed collaboratively involving all stakeholders and in accordance with the Authorities Construction Requirements. The resultant stage E design has been reviewed as part of the stage 2 review process and deemed to be in accordance with requirements of these stakeholders.

6.3.4 Schedule of Accommodation

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 6,509m². The agreed SoA is included as Appendix H.

6.3.5 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.

The FBC NDAP review of the design has been completed and joint statement of support report has been issued by HFS and A&DS has been issued and is included in this FBC at Appendix G.

6.3.6 HAI-Scribe

An HAI-Scribe Stage 2 Infection Control Assessment of the preferred option site was successfully carried out with representatives of the Infection Control Team and the Glasgow City HSCP.

The Stage 2 report is included at Appendix I.

6.3.7 Clinical and Design Brief

The clinical brief for the project has been developed in conjunction with the key stakeholders in a number of forums with all of the service providers. An operational policy document, has also been developed, that describes the way in which it is envisaged services would operate and the specific accommodation requirements for each service. The Health Planner for the project attended the Delivery Group and met with various stakeholders to look at the operational policy documents provided by NHS GGC and GCC and to review the accommodation requested.

6.3.8 Staff to be accommodated in the new facility

The number of staff (including Social Care) to be accommodated in the new facility is estimated at this stage, as summarised in the table below:

Table 24 – 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

Services	Estimated No of Staff
Physiotherapy	7
Podiatry	5
Specialist Children's Services	
CAMHS	93
Community Paediatrics	75
Social Work	
Children and Families	110
Community Addictions	37
Homeless Casework Team	18
Total	450

6.3.9 Surplus Estate

As described in item 6.3.1 above there will be no surplus estate as part of this project, apart from the site of the existing health centre which will pass to NGHHA to be developed for housing. The agreement with NGHHA require that the site be cleared by NHS GG&C. The costs for this demolition are not shown in the FBC, and are included as part of a board-wide demolition programme.

6.3.10 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 of back scanning of current records.

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.

6.3.11 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 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 DBFN Co.

These can be summarised as follows:

Table 25 – 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	

	Risk Category	Potential Allocation		
		Public	Private	Shared
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

6.4.2 Shared Risks

Operating risk is shared risk subject to NHS GGC and DBFM Co 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 DBFM Co 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 DBFM Co.

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 and Care Centre. This will be achieved under a single Project Agreement utilising SFT's current standard "Design Build Finance and Maintain (DBFM) Agreement".

This bundled project will be developed by a DBFM Co. DBFM Co will be funded from a combination of senior and subordinated debt and equity 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. Equity will be invested by the PDSP, SFT and hub Community Foundation and subordinated debt is invested by a combination of Private Sector parties, the hub Community Foundation and Scottish Futures Trust. The Participant also has the option to invest both subordinated debt and equity, but this is not a requirement..

DBFM Co 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 DBFM Co 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 DBFM Co and maintained by NHS GGC.

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

The agreement for 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.

DBFM Co 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. DBFM Co 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 DBFM Co. 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. DBFM Co 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 DBFM Co 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.

DBFM Co 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. DBFM Co 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. DBFM Co will be entitled to an extension of time and additional money if NHS GGC requests a change.

NHS GGC and DBFM Co 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 DBFM Co 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 DBFM Co 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 DBFM Co on a monthly basis, calculated subject to adjustments for previous over/under payments, deductions for availability and performance failures and other amounts due to DBFM Co.

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.

There have been a number of changes to the project since the OBC. There has been an increase in the overall capital cost and the removal of Glasgow City Council's Capital Contribution due to ESA10. The FBC submission notes a total project cost of £17,021,459 compared to £16,074,587 at OBC Stage.

A revised Affordability Cap of £17,051,105, was set taking account of inflationary uplift, technical changes to the project, further design development and site issues. The revised figures were supported by SFT and the Boards technical advisors, reflecting the true cost of the proposed works.

There are a number of items still to be clarified before Financial Close but the total final cost will not exceed the affordability cap.

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 project.

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 (£151k). Details of all the revenue and capital elements of the project together with sources of funding are presented below:

Table 26 - Recurring Revenue Costs

First full year of operation	2019/20
<u>Additional Recurring Costs</u>	£'000
Unitary Charge (net of GCC contribution)	1,325.3
Depreciation on Equipment	67.5
IFRS – Depreciation	538.6
Heat, Light & Power, Rates & Domestic services	357.4
Client Facilities Management (FM) Costs	27.2
Total Additional Recurring costs for Project NHS GG & C	2,316.0
Glasgow City Council Unitary Charge	351.0
Glasgow City Council recurring costs	101.3
Total Additional Recurring costs for the Project GCC	452.3
Total Recurring Costs	2,768.3

7.2.2 Unitary Charge.

The Unitary Charge (UC) is derived from both the hub West Scotland Stage 2 submission dated 9 November 16 and the Financial Model Gorbals & Woodside v13 and represents the Predicted Maximum Unitary Charge of £1,325.3k pa based on a price base date of April 13.

Glasgow City Council (GCC) will make a revenue contribution equal to the value of the capital and finance cost for its share of the building. The UC figure presented above is a net UC figure after GCC's revenue contribution.

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 (20%) and this will be reviewed prior to financial close to ensure that it provides a natural hedge.

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.

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 of £19.00/m2 has also been included.

Domestic costs are derived from existing Health Centre costs and a rate of £23.87/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 SGHD is £1,200.4k which represents 71.6% of the total UC, leaving NHSGG&C and GCC to fund the remaining £475.9k (28.4%). This split is tabled below:

Table 27 – Unitary Charge split

UNITARY CHARGE	Unitary Charge £'000	SGHD Support %	SGHD Support £'000	NHSGGC Cost £'000	GCC Cost £'000
Capex inc group1 equipment (Net)	1,455.2	100%	1,150.5	0	304.7
Life cycle Costs NHS	99.9	50%	49.9	50.0	0
Life cycle Cost GCC	26.5	0	0	0	26.5
Hard FM NHS	74.9	0	0	74.9	0
Hard FM GCC	19.8	0	0	0	19.8
Total Unitary Charge	1,676.3		1,200.4	124.9	351.0

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 28 – 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	110.1
IFRS – Depreciation	538.6
Additional Revenue Funding – HL&P, Rates & Domestic costs GPs contribution	73.9
Additional Revenue Funding	322.6
Sub total	1,115.6
Glasgow City Council Unitary Charge	351.0
Glasgow City Council running costs	101.3
Sub Total	452.3
Total Recurring Revenue Funding	1,567.9

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. Provision has been made by GCC for the change from Capital Contribution to Revenue. 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 29 – Summary revenue position

Recurring Revenue Funding	£'000
SGHD Unitary Charge support	1,200.4
NHSGG&C recurring funding per above	1,115.6
NHSGGC funding from GCC per above	452.3
Total Recurring Revenue Funding	2,768.3

Recurring Revenue Costs	£'000
Total Unitary charge(service payments)	1,676.3
Depreciation on Equipment	67.5
Facility running costs	384.6
IFRS - Depreciation	538.6
NHSGGC Recurring Costs	2,667.0
GCC recurring costs	101.3
Total Recurring Revenue Costs	2,768.3

Net surplus at FBC stage	0
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The above table highlights that at FBC and Stage 2 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 30 - Capital costs and associated funding for the project

Capital Costs	£'000
Land purchase & Fees	168.0
Group 2 & 3 equipment Including VAT NHS	675.0
Sub debt Investment	141.1
Total Capital cost	984.1
Sources of Funding	
NHSGG&C Formula Capital	984.1
SGHD Capital	0
Total Sources of Funding	984.1

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 & 3 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.

7.3.3 Sub Debt Investment

The Board will be providing the full 10% investment. The value of investment at FBC stage to be injected at financial close is £141.1k 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 FBC 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 28th November 2016 is £1,397k. 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.

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 Aviva who will provide up to 95% of the total funding requirement of the project. 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 2 submission.

Table 31 – Current finance assumptions

	Gorbals
Senior Debt (£000)	16,771
Sub debt (£000)	1,652
Equity (£000)	0.01
Total Funding	18,423

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

7.5.3 Subordinated debt

Our expectation is that subordinated debt will be provided in the following proportions: 60% private sector partners, 20% Hub Community Foundation, 10% NHS Greater Glasgow & Clyde and 10% Scottish Futures Trust.

The value of the required sub debt investment injected at financial close is as follows:

Table 32 – Subordinated debt

	NHS GG&C	SFT	HCF Investments	hubco	Total
Proportion of sub debt	10%	10%	20%	60%	100%
£ sub debt	141,070	141,070	282,140	846,420	1,410,700

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

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

In late 2013 the SFT undertook an Aggregator Funding competition to identify senior debt funders for hub projects, resulting in Aviva being selected as the funder for Gorbals and Woodside projects. The principal terms of the senior debt, which are included within the financial model, are as follows:

Table 33 – Senior debt

Metric	Terms
Margin during construction	1.75%
Margin during operations	1.75%
Arrangement fee	0.75%
Commitment fee	1.75%

Maximum gearing	95% (91.03% modelled)
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An Aviva term sheet, and confirmation of Aviva's terms have been received from hubco as part of the Funding Review Report and 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

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

Table 34 – Financial model key inputs and outputs

Output	Gorbals
Total Annual Service Payment (NPV)	£16,694k
Nominal project return (post tax)	5.39%
Nominal blended equity return	10.50%
Gearing	91.03%
All-in cost of debt (including 0.5% buffer)	2.50%
Minimum ADSCR ³	1.150
Minimum LLCR ⁴	1.165

The all-in cost of senior debt includes an estimated swap rate of 2.0% and an interest rate buffer of 0.50%. The buffer protects against interest rate rises in the period to financial close. The current (28 November 2016) Aviva 4.25% 2032 Gilt, which the underlying debt is priced off, is 1.80%. Therefore, current swap rates are above those assumed in the financial models. However, the interest rate buffer will provide cover for 0.70% 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.

³ 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

⁴ 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

7.6.1 Financial efficiencies through project bundling

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

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 FBC. This has been developed by joint risk workshops with hub West Scotland.

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 revenue 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 funding for affordability purposes. This risk is considered to be sufficiently mitigated: the Council has approved the revenue 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 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"⁵ 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.

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.

⁵ <http://www.scottishfuturetrust.org.uk/publications/guide-to-nhs-balance-sheet-treatment/>

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 SGHD 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.

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. Following clarification and the provision of guidance "A guide to the statistical treatment of PPPs" by EUROSTAT on 29 September 2016 SFT have engaged the various parties and made amendments to the standard documentation that allow hub schemes to be considered as a "non-government asset" under ESA10.

7.9 Value for Money

The Predicted Maximum Cost provided by Hubco in their Stage 2 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.

7.10 Composite Tax Treatment

Aviva no longer require an interest in property over which they can take security as part of their lending documentation, which was the case at Stage 1. This now allows the financial model to assume composite trade tax treatment and all capital expenditure is treated as expenditure which reduces the tax paid by hWS and is passed on through a lower Annual Service Payment.

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 35 – Project programme dates

Stage 2: Approval of OBC	April 2015
Stage 3: Submission of FBC	Dec 2016 (Approval Jan 2017)
Stage 4: Start on site	Feb 2017
Completion date	Sept 2018
Services Commencement	Oct 2018

A detailed project programme is included as Appendix J.

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 the HSCP 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 execution plan is included at Appendix K.

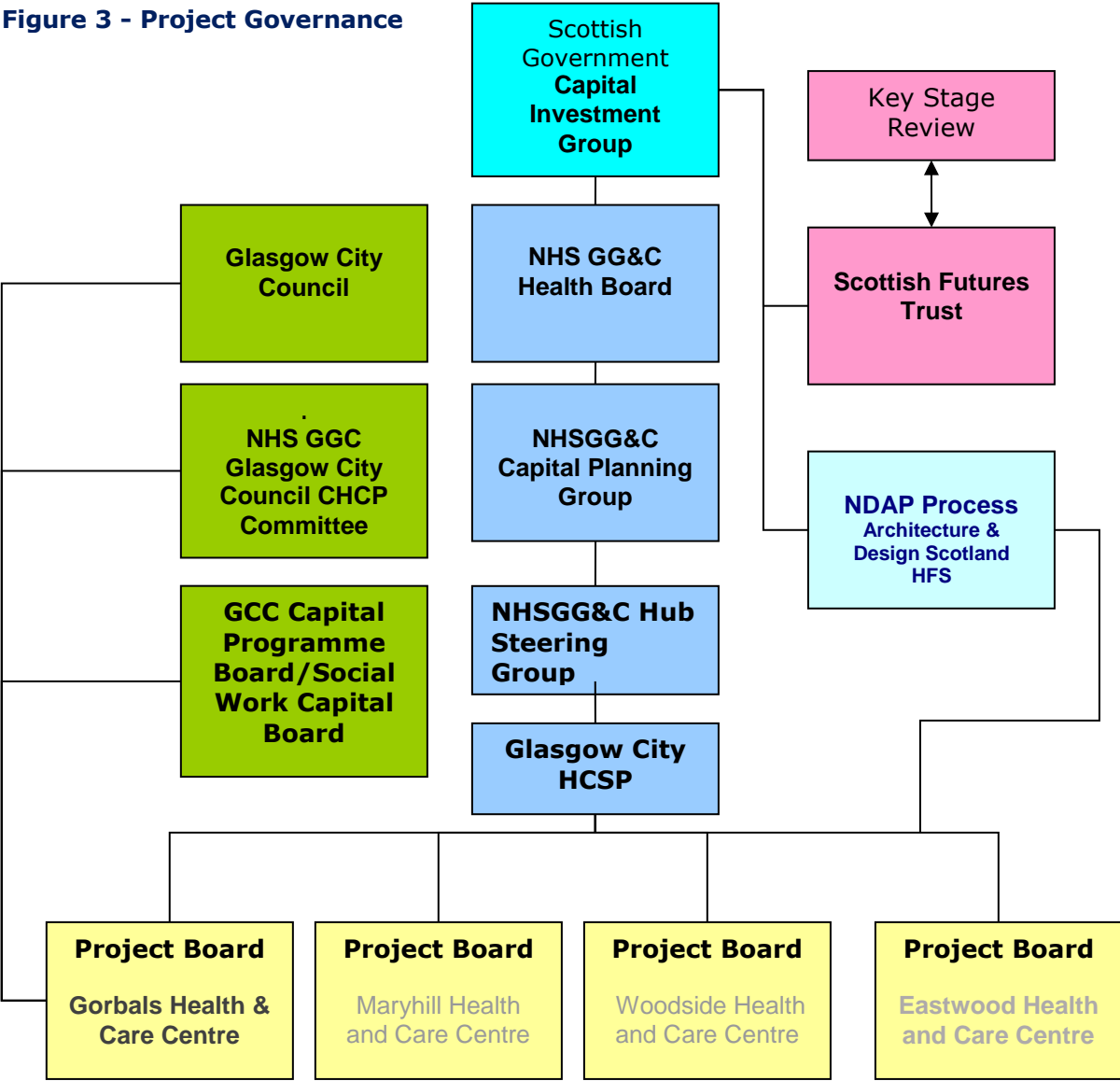
A Project Board has been established and is chaired by the South Locality Head of Operations of Glasgow City HSCP who will act as Project Sponsor. The Project Board comprises representatives from the:

- GP practices;
- dental services;
- staff in the health centre;

- social work services;
- specialist children's services;
- addictions;
- New Gorbals Housing Association;
- GCC;
- Hub Co;
- NHS Board; and,
- community representatives.

The Project Board reports to the NHSGGC Hub Steering Group, which oversees the delivery of all NHSGGC hub projects. This Group is chaired by a Chief Officer of an HSCP and includes representative from other Project Boards within NHSGGC, Capital Planning, Facilities, Finance, hub Territory and Glasgow City Council. 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 36 – Project Management Arrangements

Project:	Gorbals Health and Care Centre	
Parties	NHS Greater Glasgow & Clyde Glasgow City Council	NHS GGC GCC

	Hub West Scotland	Hubco
Project Sponsor	Alex MacKenzie	
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	CMS	CMS
Financial	Grant Thornton	GT
Technical	Turner & Townsend	TT

8.4 Revised hub Governance and Reporting Arrangements

The hub Project Steering Group has developed a revised governance and reporting structure which impacts on this project. The key change has been to establish a Project Executive Team, which will have overall responsibility and accountability to the Senior Responsible Officer (SRO) for successful delivery of the programme of hub projects. The Executive team will work alongside the hub Steering Group and the existing governance arrangements, but with a day to day role to focus on delivery, working directly through key interfaces with hub West Scotland.

The proposed governance structure is included below. Five key roles have also been identified comprising:

- ### Figure 4 – hub governance structure



New Gorbals Health & Care Centre Full Business Case

Project Director:

- David Walker, Head of Operations, South Locality, Glasgow City HSCP

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 HSCP;

- Chief Officer, HSCP;
- Chief Officer (Operations), HSCP;
- Chief Finance & Resources Officer, HSCP;
- Head of Planning and Strategy, South Locality, HSCP; and
- Clinical Director, South Locality, HSCP.

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 are 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 FBC 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 L), 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.

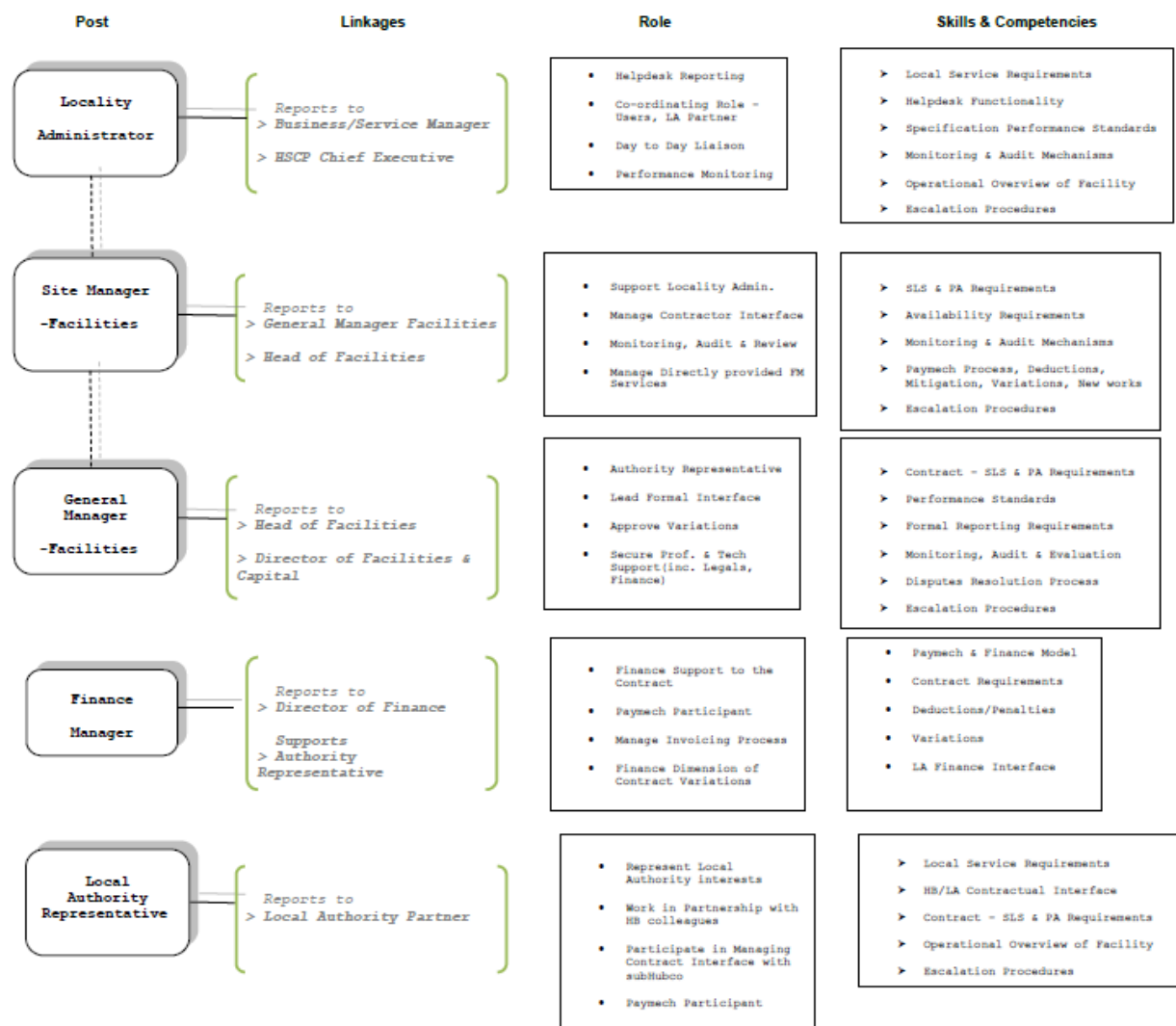
For Health Board roles within the Facilities & Capital Directorate (General Manager and Site Manager), the approach builds on broad experience of Managing PFI contracts, the fundamental principles of which have equivalence with hub Project Hard FM provision.

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 DBFM Co 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 DBFM Co, 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 DBFM Co.

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 DBFM Co to agree the MSR.

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

In addition to the MSR, DBFM Co 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 DBFM Co

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 FBC 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 Appendix M

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 37 – 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:

8.11.1 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.

8.11.2 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.

8.11.3 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.

8.11.4 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 – OBC APPROVAL LETTER

APPENDIX B – STATUTORY APPROVALS

APPENDIX C – EQUALITY IMPACT ASSESSMENT - ACTION PLAN

APPENDIX D – RISK REGISTER

APPENDIX E – ECONOMIC APPRAISAL

APPENDIX F – PERFORMANCE SCORECARD

APPENDIX G – DESIGN STATEMENT – STAGE 2

APPENDIX H – SCHEDULE OF ACCOMMODATION

APPENDIX I – HAI-SCRIBE

APPENDIX J - PROGRAMME

APPENDIX K - PEP

APPENDIX L – STAKEHOLDER COMMUNICATION PLAN