NHS Greater Glasgow & Clyde

New Woodside Health and Care Centre

Full Business Case

Issue and Revision Record

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1 Executive Summary

1.1 Introduction

This document is presented on behalf of NHS Greater Glasgow and Clyde (NHS GGC) who seek approval for funding to provide a new Woodside Health and Care Centre.

1.1.1 Full Business Case for Woodside Health and Care Centre

NHS Greater Glasgow & Clyde presented an Initial Agreement document, '**Replacement Woodside Health Centre**', to the Scottish Government Capital Investment Group (CIG) on 4th September 2012. It received approval on the 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 29th April 2015 and received approval on 25th November 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 Woodside 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.

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

1.2 Strategic Case

1.2.1 Overview

The purpose of the project is much more than the simple replacement of the existing facilities. This is an opportunity to enable and facilitate fundamental change in the way in which health is delivered to the people of Woodside and those from surrounding areas that will access the health and care centre. The underlying aim is to reshape services from a patient's point of view. Health care services will be shaped around the needs of patients and clients through the development of partnerships and co-operation between patients, their carers and families and NHS staff; between the local health and social care services; between the public sector, voluntary organisations and other providers to ensure a patient-centred service.

1.2.2 National Context

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

- **Achieving Sustainable Quality in Scotland's Healthcare: A 20:20 Vision**
- **Quality Strategy** which underpins the narrative, with the three central ambitions that care should be person centred, safe and effective.
- **'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.

1.2.3 Local context

In 2012 the NHS Board embarked on a far reaching clinical services service. The Case for Change set out nine key themes that NHS GGGC 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;
9. We need to support our workforce to meet future changes.

1.2.4 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 CHP was established in November 2010 with responsibility for the planning and delivery of primary care, community health and mental health services. This includes the delivery of services to children and adult community care groups and health improvement activity. The new Glasgow City HSCP formally became operational in February 2016.

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 3 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

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 the ambitions and priorities set out by Glasgow City HSCP's Integration Joint Board within its Strategic Plan for 2016-19, including:-

- Improving outcomes and reducing inequalities
- Person-centred care, providing greater self-determination and choice
- Early intervention, prevention and harm reduction
- Shifting the balance of care to better support people in the community
- Enabling independent living for longer and promoting recovery
- Public Protection to ensure people are kept safe and risks are managed appropriately

1.2.5 Profile of Woodside

The current location of Woodside Health Centre and the proposed location of the new health and care centre fall within the North West Locality of Glasgow City HSCP.

Glasgow City has profound health challenges that resonate at the top of UK and European indices. Woodside, where the new health and care centre is planned, represents one of the most deprived communities in Glasgow. 54% of the patients who access Woodside 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 some of the headline health statistics which illustrates the challenges faced in improving health in Woodside.

1.2.6 Business Strategies & Aims

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 2015/2016.

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

Tackling inequalities.

The HSCP's draft Strategic Plan 2016-19 sets out a range of key outcomes and actions to deliver the Board's corporate priorities. These 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

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

1.2.7 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.

1.2.8 Existing Arrangements and the Case for Change

The current Woodside Health Centre is the base for 8 GP practices and a range of other primary and community care services (see 1.2.9, below). (All 8 GP practices, comprising a total of 23 GPs will transfer to the new facility). The facility was built in the early 1970's and serves a GP practice population of 32,260. The existing centre is of poor fabric, is functionally unsuitable, does not meet current standards, is not fully accessible for people with a physical disability and does not have the space to deliver services that can be expected from a modernised National Health Service. The most recent PAMS (Property and Asset Management Survey) of premises carried out for Scottish Government Health Department identified Woodside Health Centre as a priority for improvement.

In summary it is considered that the existing service provision in Woodside Health Centre fails to provide:

- A platform for sustaining and expanding clinical services, in line with the current and future models of primary care
- Facilities which allow a fully patient centred service and "one stop shop" for all primary care services
- Modern facilities and design that meet the required standard for health related infection
- The required focus on reducing inequalities in health set out in "*Better Health, Better Care".*
- A working environment that supports the health and well-being and safety of staff
- Facilities which 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
- Facilities that enable effective and efficient use of the CHP's resources.

1.2.9 Scope of Project

Since the submission of the OBC there have been no significant changes to the scope of the project. The scope of the services to be provided is therefore as follows:

- General Dental Practice * (1)
- General Medical Practices* (8)

- Pharmacy*
- Physiotherapy*
- Podiatry*
- Treatment Room Service*
- Clinical and Interview Rooms to be used by health and social care services and visiting third sector organisations*
- Addictions Service**
- Specialist Children Services – Child and Adolescent Mental Health and Specialist Community Paediatric Service***
- Older Person's Day Care****
- Agile working space for the range of integrated health and social care staff / teams belonging to services operating from the new facility.
- A range of community outreach services provided on a sessional basis*

*transferring from Woodside Health Centre. The land that the current Woodside Health Centre is built upon is leased from Glasgow City Council. Discussions are underway with GCC on the future use of this building and the termination of the lease.

**transferring from Callander St Clinic which is joined onto the current Woodside 'Health Centre and is owned by NHS GG&C. Discussions are underway with GCC on the future use and ownership of this building.

***transferring from the 'old' Possilpark Health Centre, which will be vacated and declared surplus to requirements.

****transferring from the GCC Day Care Unit at Oran St. Once vacated, it will most likely be considered surplus to requirements unless another opportunity or need arises.

1.2.10 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 6,732sqm based upon an agreed schedule of accommodation.(6,730sqm at OBC stage)
- Total occupancy of the building confirmed at 225 across all disciplines (225 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 £18,720,567 to £20,065,252. Unitary Charge has increased from £1,709,258 to £1,734,168 mainly due to capital contributions being removed and replaced by revenue. SGHSCD contribution has in fact reduced from £1,535,569 to £1,408,790 due to reduction in gilt rates and revised funding terms since OBC.

  A revised Affordability Cap of £20,083,907 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.

- The ESA10 situation has been resolved since the OBC was approved therefore the FBC now reflects this position both financially and contractually.

1.2.11 Benefits Criteria

The benefits criteria articulated in this document are all desirable outcomes for the project that can be achieved by the preferred solution. Further details on the 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 Summary of Shortlisted options

There were eight long list options at OBC stage and through a process of ranking the options against the agreed benefits criteria a short-list of four options was agreed. Consequently a full economic and financial appraisal was carried out on these options. The scored short list of options for the project is summarised as follows:

Table 1 – Non financial appraisal summary

	Option 1 - Do Minimum	Option 2 – Grovepark Street	Option 3 – New City Road	Option 4 – Hinshaw Street
Appraisal Element				

		Option 1 - Do Minimum	Option 2 – Grovepark Street	Option 3 – New City Road	Option 4 – Hinshaw Street
Benefit Score	a	22.45	62.2	60.3	130.75
Rank		**4**	**2**	**3**	**1**

1.3.3 Value for Money

The result of the benefit scoring in the format used in the OBC is summarised in the table below which indicates that Option 4 'Hinshaw Street' is the highest scoring option. Costs for options 1,2 and 3 have been updated for the FBC as set out in section 4 Economic Case.

This validates the outcome at OBC indicating that Option 4 provides the greater economic benefit compares to the other options.

Table 2 – Cost/benefit appraisal

25 year Life Cycle		Option 1 - Do Minimum	Option 2 – Grovepark Street	Option 3 – New City Road	Option 4 – Hinshaw Street
Appraisal Element					
Benefit Score	a	**22.45**	**62.20**	**60.3**	**130.75**
Rank		**4**	**2**	**3**	**1**
Net Present Cost – Includes risk	b	£10,546,822	£29,837,044	£29,837,044	£30,979,753
Cost per benefit point	b/a	£469,792	£479,695	£494,810	£236,939
Rank		**2**	**3**	**4**	**1**

1.3.4 The Preferred Option

The results of the option appraisal is to consolidate the position of **option 4 – new build at Hinshaw Street** as the preferred option.

1.4 Sustainability Case

The stage 2 reports highlights that the Stage 2 design is on track to achieve it's target BREEAM score of 75.4 although the 'current' (fully validated) score is 35.83 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 Route

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.

Woodside 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 Woodside Health and Care Centre project will be bundled with the new Gorbals Health and Care Centre - the purpose of this approach and the benefits are outlined in the bundling paper which accompanied this and the Gorbals OBCs and which has been updated to accompany this FBC.

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 £168,519 which is included within the GMP.

1.5.3 Agreed Contractual arrangements and charging mechanisms

The agreement for Woodside Health and Care Centre is based on the SFT's hub current 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 GGC and DBFM Co with only amendments of a project specific nature being made. Therefore, the DBFM Agreement for this project (as bundled with Gorbals Health and Care Centre) 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

1.5.5 Agreed Accountancy Treatment

The project will be on balance sheet for the purposes of NHS Greater Glasgow and Clyde's financial statements. Section 6 – The Financial Case provides more detailed comment.

1.6 Financial Case

1.6.1 Capital Costs

The capital cost for the preferred option is £20,065,252 as outlined in the stage 2 report and includes Prelims (10.82%), overheads & profit (4%) new Project Development Fee (6.199%), Additional Management Costs (2.554%), DBFM Fees (2.13%), 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
SGHD Unitary Charge support	1,408.8
NHSGG&C recurring funding	1,378.9
NHSGGC funding from GCC	227.9
Total Recurring Revenue Funding	**3,015.6**

Recurring Revenue Costs	£'000
Total Unitary charge(service payments)	1,734.2
Depreciation on Equipment	85.2
Facility running costs	427.1
IFRS – Depreciation	720
NHSGGC Recurring Costs	**2966.5**
GCC recurring costs	49.1
Total Recurring Revenue Costs	**3015.6**

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

	Woodside

Senior Debt (£000)	**19,768**
Sub debt (£000)	**1,947**
Equity (£000)	**0.01**
Total Funding	**21,715**

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	SFT	HCF Inv	hubco	Total
Proportion of subdebt	10%	10%	20%	60%	100%
£ subdebt	166,272	166,272	332,544	997,634	1,662,772

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	Woodside
Capital Expenditure (capex & development costs	20,065k
Total Annual Service Payment (NPV)	19,676k
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]	1.15%
Minimum LLCR[2]	1.165%

1.6.5 Glasgow City Council commitment

There will be an Older Person's Day Care Centre created as part of the new centre and Glasgow City Council (GCC) capital cost equates to £2,066,132. GCC will fund this through revenue.

[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

The approach to securing the site through an exchange of sites, demonstrates the benefits from NHS GG&C and GCC proactively working 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:

Table 7 - Project Programme

CIG Meeting for FBC	Jan 2017
Financial Close	Jan 2017
Site Start	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 Paul Adams the Head of Older People's and Primary Care Services, North West Locality. The Head of Operations, North West Locality is the Project Director.

The Project Board comprises representatives from the:

- Senior Management Group of the North West Locality, Glasgow City HSCP,
- Glasgow City Council
- Key stakeholders from the GP/User group,
- PPF,
- NHSGGC Capital Planning team.

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

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 Woodside 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

The new centre is being planned to provide high quality accommodation to support the development of primary care services and the further integration of health and social care along with GCC and third sector partners, in line with national policy. This FBC is supported and subject to approval by NHS GGC Board.

2.2 Bundled Projects

It is proposed that Woodside Health and Care Centre be bundled with the new Gorbals 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 bundling paper on the bundling approach sets out the benefits in more detail and accompanies this and the Gorbals 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 Woodside 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.

2.4 FBC Structure

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 appropriate 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.

2.5 Further Information

For further information about this Full Business Case please contact:-

Derek Rae

Project Manager
Capital Planning & Procurement
NHSGGC

Tel: 0141 232 2101
Mob: 07768868926
E-Mail: derek.rae@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 of the project, 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 centre include:

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

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.

Underpinning the narrative is the **Quality Strategy**, which sets out NHS Scotland's vision to be a world leader in healthcare quality, described through the 3 quality ambitions of effective, person centred and safe care.

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

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').*

Each of these policies seeks to improve the health and social care responses to the people of Scotland. There are a number of key cross cutting themes that underpin these policies:

- Improving access to services and providing patient centred care.
- Working in partnership with patients, carers, other public agencies and the voluntary sector to provide the support people need to lead as healthy a life as possible.
- Integrating services to provide timely and holistic care.
- The need to focus more resource and activity on prevention, early intervention and anticipatory care.
- The aim of providing more services in the community and reducing demand on acute hospital services.
- Building the capacity of individuals and communities to support good health.
- Tackling health inequalities.

3.2.2 Local Context

Clinical Services Fit for the Future

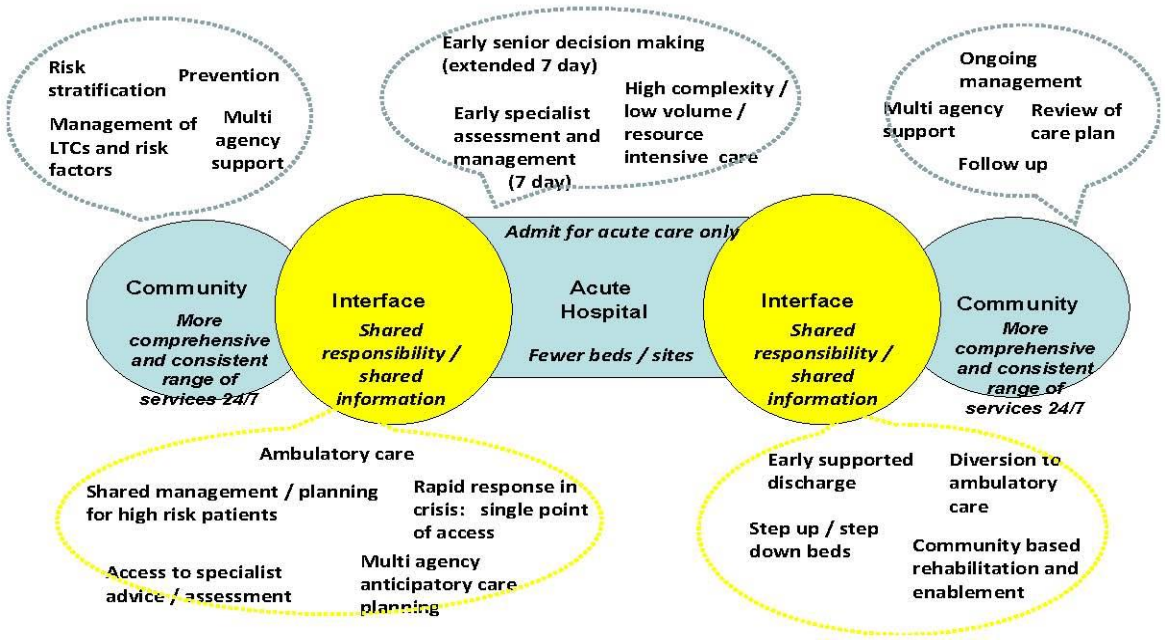
In 2012 the NHS Board embarked on a far reaching clinical services service. The Case for Change set out nine key themes that NHS GGC was required to consider and address as it plans services for the future.

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;
9. We need to support our workforce to meet future changes.

These issues set a context which recognised 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 GCC, 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 – CSR Service model



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

3.3 Organisational Overview

3.3.1 Profile of NHS GGC

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

Services are planned and provided through the Acute Division and six Health and Social Care Partnerships co-terminous 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 and social work services delivered in homes, health centres, clinics day services and schools, as well as having responsibility for a range of hospital, care home and residential services. The Health (and Social Care) Partnerships also work in partnership to improve the health of their local populations and reduce health inequalities.

3.3.2 The HSCP's work with local primary care contractors and each year over 1 million patients are seen by GPs and practice staff. 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 3 geographical sectors:

- 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 for Woodside will demonstrate in a very tangible and high profile way NHS Scotland and NHSGGC'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 ambitions and key principles set out by Glasgow City HSCP's Integration Joint Board within its Strategic Plan for 2016-19:-

- Improving outcomes and reducing inequalities
- Person-centred care, providing greater self-determination and choice
- Early intervention, prevention and harm reduction
- Shifting the balance of care to better support people in the community
- Enabling independent living for longer and promoting recovery
- Public Protection to ensure people are kept safe and risks are managed appropriately

3.3.3 Profile of Woodside

The current location of Woodside Health Centre and the proposed location of the new health and care centre fall within the North West Sector catchment of Glasgow City CHP.

The majority of patients using Woodside Health Centre live in the surrounding area – the 4 neighbourhoods of Cowlairs and Port Dundas, Keppochhill, Woodside and Firhill.

These 4 areas are geographically adjacent and similar in many respects. They are areas of deprivation with the corresponding ill-health associated with communities experiencing health inequalities. 54% of patients using Woodside Health Centre live in a SIMD 1 area.

The following is a summary of some headline health statistics (from the Health and Well-Being Profiles 2014) which illustrates the challenges faced in improving health in Woodside.

Life Expectancy -The average male life expectancy across Cowlairs and Keppochhill is 68.85 years (approximately 8 years below the national average). Firhill and Woodside average male life expectancy is 72 years (4 years below the Scottish average). The average female life expectancy across the 4 neighbourhoods is 75.5 years (5 years below the national average).

Table 9 – Life Expectancy

	Cowlairs and Port Dundas	Keppochhill	Woodside	Firhill	Scotland
Male life expectancy	68.3	69.4	72.3	71.8	76.6
Female life expectancy	73	74.9	75.9	78.3	80.8

Alcohol and Drugs - The average rate of alcohol-related hospital stays in all 4 areas is significantly worse than the Scottish average. The rate in Cowlairs & Port Dundas and Keppochhill is over 3 times the Scottish average.

The rate of drugs-related hospital admissions in Cowlairs & Port Dundas and Keppochhill is more than twice the Scottish average.

Table 10 – Alcohol and Drugs

	Cowlairs and Port Dundas	Keppochhill	Woodside	Firhill	Scotland
Alcohol related hospital stays (rate per 100k)	2002	2247	1413	807	671
Drugs related hospital stays (rate per 100k	292	271	100	145	122

Mental Health - Psychiatric hospital admissions are significantly higher than the Scottish average in all 4 neighbourhoods. The rate in Keppochhill is over 3 times the Scottish average.

Table 11 – Mental Health

	Cowlairs and Port Dundas	Keppochhill	Woodside	Firhill	Scotland
Psychiatric hospitalisation rate (per 100k)	590	940	530	538	292

Older people and long term conditions - Hospital admissions are significantly above the national average. The average rate of hospital admissions for COPD across the 4 neighbourhoods is nearly double the national rate.

The average rate of emergency admissions and multiple admissions for people aged 65+ across the 4 neighbourhoods is significantly above the national average, with Keppochhill showing the highest rate of admissions.

Table 12 – Hospital Admissions

	Cowlairs and Port Dundas	Keppochhill	Woodside	Firhill	Scotland
Hospitalisation for COPD (rate per 100k)	1010	1472	897	1026	660
Emergency Admissions (rate per 100k)	11470	12469	10600	9510	7500
Multiple admissions people aged 65+ (rate per 100k)	7530	9618	8076	8290	5160

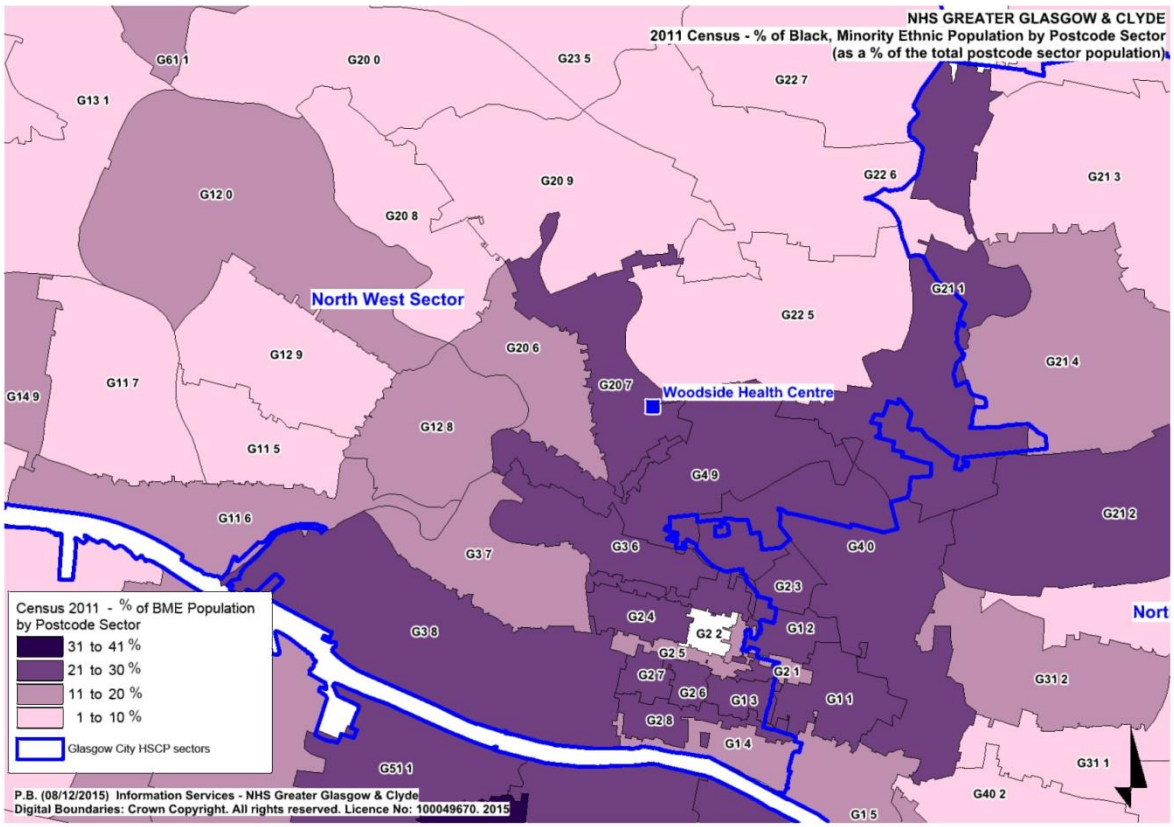
Child Health - Rates for mothers smoking during pregnancy are marginally above the national average in 3 areas, with Woodside below the national average. Breastfeeding rates are below the national average in 3 localities, with the rate for Firhill significantly above the national average.

Table 13 – Children's Health

	Cowlairs and Port Dundas	Keppochhill	Woodside	Firhill	Scotland
Smoking in pregnancy	22.4%	22.5%	14.8%	19.6%	20%
Breastfeeding (babies exclusively breastfed at 6-8 weeks)	22.7%	14.6%	22.7%	40.9%	26.5%

BME- The average proportion of BME population within the 12 postcodes in which the majority of Woodside Health Centre patients reside is 17%, compared with a Glasgow City average of nearly 12%. In half of the 12 postcodes in which the majority of Woodside Health Centre patients reside, the proportion of BME population ranges from 21-30%. (Figures from 2011 Census). See figure 2 below.

Figure 2



3.4 Business Strategy & Aims

NHS 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
- 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
- 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
- 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
- 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
- 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
- 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 Draft 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 for the Board:

- Improve Resource Utilisation: making better use of our financial, staff and other resources
- Shift the Balance of Care: delivering more care in and close to people's homes
- Focus Resources on Greatest Need: ensure that the more vulnerable sectors of our population have the greatest access to services and resources that meet their needs
- Improve Access: ensure service organisation, delivery and location enable easy access
- Modernise Services: provide our services in ways and in facilities which are as up to date as possible
- Improve Individual Health Status: change key factors and behaviours which impact on health

- Effective Organisation: be credible, well led and organised and meet our statutory duties

Key Outcomes within the CHP Development 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
- Improving appropriate access on a range of measures
- 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

3.6.1 Workforce Strategies

The development of a new Woodside Health and Care Centre is consistent with **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. The new Health and Care Centre will have a positive effect across a number of NHSGGC workforce strategies, including:-

Improving the Working Environment

The new facility in Woodside will help promote NHS GGC as an employer of choice, by creating and maintaining a positive organisational reputation and demonstrating a commitment to improving the environment within which our staff deliver excellent care to patients.

Improving Retention and Reducing Absenteeism

North West Locality has a staff turnover figure of 6.93%. Turnover figures by location are not routinely collected. An audit of staff turnover for the services to be accommodated within the new health centre will be undertaken to establish a benchmark for future comparison. North West Locality has an absenteeism figure for NHS and Social Work staff of 6% and 4.56% respectively. Again, an audit of current absenteeism rates for services to be located in the new health and care centre will be undertaken to allow comparison. By radically improving the working environment for staff, it is envisaged that the new health and care centre will encourage existing staff to work in that environment and in turn have a positive impact on minimising staff turnover and absenteeism wherever feasible.

Enabling Recruitment - Now and in the Future

The new Woodside 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 are essential for cohesive team working in the delivery of the patient journey and the patient experience.

Agile Working

Underlying agile working is a commitment to modernise working practices. The way we work is changing. In the current challenging financial climate, NHS GGC as an organisation is looking closely at what we do and how we do it. Becoming a more flexible and agile workforce can assist us in transforming and streamlining our organisation. Agile working is about modernising working practices and is broadly based on the following principles:

- Work takes place at effective locations and at effective times
- Flexibility becomes the norm rather than the exception
- Employees have more choice about where they work, subject to service considerations
- Space is allocated to activities, not to individuals – improving efficiency and VfM
- There is effective and appropriate use of technology
- Employees have the opportunity to lead balanced and healthy lives

The new Woodside Health and Care Centre will facilitate the introduction of the above agile working principles, with the staff accommodation on the 2nd floor of the building designed specifically to support agile working.

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
Improve access	Good pedestrian access Easy walking Near public transport On site car parking Fully DDA compliant

Improve patient experience/ good working environment for staff	Welcoming building Easy to navigate Improve patient pathway Improved patient (and staff) safety
Promote joint service delivery	Promote team working Capacity for social work and other partners Capacity for other organisations to use space Design allows out of hours use of building
Sustainability	Energy efficient Reduce carbon footprint Reduce running costs
Contribution to regeneration of Woodside	Clear signal of investment Catalyst for improvement Support to local businesses Attract other investors Consistent with Town Planning objectives

3.7 Existing Arrangements

The current Woodside Health Centre is the base for 8 GP practices (comprising a total of 23 GPs). The following services are provided from Woodside Health Centre by the 8 GP practices and a range of health services including a GDP and pharmacy.

3.7.1 Current Services

- General Medical Services
- Community Pharmacy
- General Dental Practice
- Podiatry
- Physiotherapy
- Community Adult Nursing Services (including Treatment Room Services, District Nursing and Health Visiting)
- Community Addiction Service (adjacent building)
- a range of community Outreach Services provided on a sessional basis including:- Primary Care Mental Health Team services, Counselling, Ante natal, Anticoagulant

Clinics, Continence Advice, Keep Well, Dietetics, Diabetic Specialist Nurse Clinics and Health Improvement services.

3.7.2 Woodside Health Centre

The existing health centre is located just off Garscube Road, within dense housing development, an area characterised by severe and enduring poverty and urban deprivation.

The key issues underpinning the current situation include:

Life expired building – the fabric of the existing health centre building is very poor and space is restricted. Despite improvements made in recent years, in the national PAMS (Property and Asset Management Survey) carried out for the Scottish Health Department, Woodside was identified as a priority for replacement.

Poor access - Car parking is very limited. There is a small parking area for the health centre which is frequently used by unauthorised users who are not visiting the health centre. On-street parking beside the centre is at a premium and there are significant problems of illegal/unsafe parking in neighbouring streets. There is a limited bus service on Garscube Road and the nearest bus stop is some distance from the health centre.

Energy inefficient - The construction methods used for Woodside Health Centre means that it is one of the least energy efficient buildings in the Glasgow HSCP. The building is poorly insulated and as a result suffers from problems of overheating in the summer months, making it a poor working environment for staff and a hot and uncomfortable environment for patients. Conversely it is an expensive building to heat in winter

In the past few years some improvements have been made to the accommodation in the health centre. However these have been limited to making the roof watertight and installing a small single person lift to allow disability access to the first floor. There is however a wing of the building that has no disability access and there no feasible way to retro-fit a lift or ramp.

Limited expansion opportunities - there is very limited potential for expansion on the current site and NHS aspirations to develop more local multi-disciplinary teams working in the community (e.g. through the dispersal of specialist child health staff to support more local partnership working, the bringing together of health and social care staff) cannot be supported without additional space being made available.

In summary it is considered that the existing service provision in Woodside Health Centre fails to provide:

- A platform for sustaining and expanding clinical services, in line with the current and future models of primary care
- Facilities which allow a fully patient centred service and “one stop shop” for all primary care services
- Facilities that support the development of more integrated ways of working.

- Modern facilities and design that meet the required standard for health related infection
- The required focus on reducing inequalities in health set out in "*Better Health, Better Care".*
- A working environment that supports the health and well-being and safety of staff
- Facilities which 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
- Facilities that enable effective and efficient use of the HSCP resources.

3.7.3 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 Woodside 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.

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

Table 15 - Property Asset Management System (PAMS) 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.

F Fully Utilised

3.8 Business Needs – Current & Future

Having established 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 and existing facilities at Woodside Health Centre.

3.8.1 Clinical Need

- 2 GP practices in Woodside 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)
- 4 GP practices in Woodside Health Centre participated in the Keep Well LES
- Glasgow City Population Health and Well-being Surveys have consistently highlighted poor health and well-being in areas of deprivation such as Woodside.

The headline health statistics set out in section 3.3.3 only serve to illustrate the increasing pressure being placed on the health and community services from inadequate and space constrained facilities.

A Review of the Current Workload of the GP Practices

The National Records of Scotland population projections forecast that Glasgow's population will grow by 15% between 2012 and 2037, mainly due to a rise in the number of people aged 50 and over (GCPH). Using this as a proxy for the practice population served by Woodside Health Centre, the practice population could potentially increase from its current combined list size of 32,260 to approximately 37,000 across that timeframe.

While it is not envisaged that there will be an increase in the number of practices operating from the new Woodside health & care centre, to meet future demands and maintain access standards, it may transpire that practices choose to increase their general practitioner capacity / volume of available appointments. The new health and care centre would better support any necessary increase to practice list sizes, as well as better supporting the range of other primary and community services required to meet patient need.

Deficiencies in Clinical Services

Within the existing Woodside 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 the local social workers, home care teams and local community health organisations to ensure that they provide a comprehensive community service. The new Health and Care Centre will provide a greater opportunity for integrated working which, along with patient experience, is at times compromised by the standard of the current accommodation.

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.

Inequalities

The majority of patients using Woodside Health Centre live in the surrounding area – the 4 neighbourhoods of Cowlairs and Port Dundas, Keppochhill, Woodside and Firhill. They are areas of deprivation with the corresponding ill-health associated with communities experiencing health inequalities. The average male life expectancy across Cowlairs and Keppochhill is 68.85 years (approximately 8 years below the national average). Firhill and Woodside average male life expectancy is 72 years (4 years below the Scottish average). The average female life expectancy across the 4 neighbourhoods is 75.5 years (5 years below the national average). 54% of patients using Woodside Health Centre live in a SIMD 1 area.

The development of a new health and care centre for Woodside would demonstrate in a very tangible and high profile way NHS Scotland and NHSGGC's commitment to working in partnership to tackling health inequalities, improving health and contributing to social regeneration in areas of deprivation.

Older Person's Day Care

The partnership arrangement with Glasgow City Council to accommodate an older person's day centre within the new health and care centre will provide a greater opportunity for integrated working across health and social care service. The new day service itself will facilitate a service that is more directly tailored to the needs of the individual. The new accommodation will be able to provide a more flexible structure, able to offer a mixture of services for older people within the categories of enhanced and dementia care within the same setting. The service will be configured to provide 30 overall places per day (20 places for enhanced care and 10 for specialist dementia care. Along with the quality of the internal environment, the creation of a dedicated garden, tailored to meet the needs of people with dementia, will enhance the experience and quality of life of those using the facility.

Additional Services

In addition to the current services set out at 3.8.1, the following additional services are planned for the new Woodside Health and Care Centre:

- Specialist Children's Service (CAMHS and specialist community paediatric services)

- Social Work Older Persons Day Care
- Community Addiction Services (that will now be located within same building)
- Additional Physiotherapy services (including a new gymnasium to enable some activity to be undertaken more locally out with Acute hospitals)
- New Community Treatment rooms and Consulting Suites providing the opportunity for more community services to provide a more local base for service delivery.

3.9 Business Scope & Service Requirements

3.9.1 General

The project scope is essentially the design and development of facilities that meet the Investment Objectives described in Section 3. 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 Woodside area.	☑		
To maximise clinical effectiveness and thereby improve the health of the population.	☑		
To improve the quality of the service available to the local population by providing modern purpose built healthcare facilities	☑		
To provide accessible services for the population of Woodside and surrounding areas.	☑		
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.	☑		
To provide a facility that meets the needs of patients, staff and public in terms of quality environment, functionality and provision of space.	☑		
To provide additional services that are complimentary to the core services provided by the HSCP		☑	
To be part of the delivery of an integrated community facility contributing to the social, economic and physical urban regeneration of a deprived area		☑	
Key Service Requirements			

GP practices	☑		
A new dental health suite	☑		
Treatment rooms	☑		
Health visitors and district nurses working in integrated teams	☑		
Social Work staff on site, working in integrated teams with health staff	☑		
Allied Health Professional services (AHPs), including a physiotherapy gym which will be available for local community use in the evenings	☑		
Social Work Older Persons Day Care Centre	☑		
Community Paediatric Team	☑		
Child and adolescent mental health services	☑		
Primary Care Mental Health Team clinics	☑		
Personal care facilities in the community to support independent living for local disabled people (allowing them access to shopping and other community activity in the Woodside area).	☑		
Youth health services	☑		
Sexual Health services	☑		
Pharmacy	☑		
Training accommodation for primary care professionals including undergraduate and postgraduate medical , dental students	☑		
Community Addiction Team services	☑		
Breast feeding support services	☑		
Parenting services/ baby clinics	☑		
Smoking cessation services	☑		
Secondary care outreach clinics including the Glasgow Women's Reproductive Service		☑	
Carers services		☑	
Community health services and community-led rehabilitation and health improvement activity		☑	
Local Stress Centre services		☑	
Money advice services			☑
Employability advice and support			☑
Housing advice and support			☑

Opportunities for volunteering			☑
Crèche facilities			☑

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 HSCP'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 the HSCP's 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 (SHPN's) and Health Briefing Notes (HBN's).
- Within the relevant guidance, maximise use of natural light and ventilation
- In conjunction with the Infection Control Team, develop a design that minimises the risk of infection. To facilitate this, the design will be considered in conjunction with the NHS "HAIScribe" system
- Comply with CEL 19 (2010) - A Policy on Design Quality for NHS Scotland - 2010 Revision which provides a revised statement of the Scottish Government Health Directorates Policy on Design Quality for NHS Scotland. CEL 19 (2010) also provides information on Design Assessment which is now incorporated into the SGHSCD Business Case process.

3.9.2 Art and Environment Strategy

Works of art and craft can contribute greatly to the patient experience and hopefully in turn, health and well-being. An arts and environment strategy group has been established

to explore how art and the environment can be integral to the design of the building and its surrounding area. This work includes how the development of the new health and care centre can give greater impetus to local arts activity and make positive environmental connections with the local community and green space.

Woodside Art and Environment Group, the HSCP and NHSGGC has a strategy for the new Woodside Health and Care Centre to commission high quality art and run exhibitions and engagement activities in partnership with local arts and environment groups, organisations and individuals. The aim is to create a rich variety of commissions with a view to art and environment interventions fulfilling a function as a humanising force. Local involvement and participation are key to each of the commissions and eight separate but linked commissions are in progress to reflect the diversity of the community, local history and taking account of local issues. Artists have now been appointed to develop an art installation on the panels above the 3 entrances to the health and care centre, atrium and/ or waiting areas. The current costs allow circa £95k in relation to Art and the Arts strategy for the project.

The Arts and Environment Strategy Group also includes representation from the Green Exercise Partnership. Through this partnership, additional resources have been secured to maximise and deliver a site that offers a range of "green" environmental improvements to ensure the new health and care centre promotes positive health and wellbeing through the incorporation of use of green space and 'green ideas' within the building and its surrounding area (including the promotion of way-finding to other green space and activities).

The HSCP is also an active partner in the development and delivery of a shared vision for the regeneration of the wider area. This includes input to the 'Firhill Basin Canal Corridor Masterplan', being led by Glasgow Canal Regeneration Partnership. This has involved extensive work with local communities, with part of the plan aiming to offer improved access and connectivity to the new Health and Care Centre site, promoting access to green corridors, health and wellbeing leisure activities and active travel opportunities. In October 2016, Glasgow Canal Regeneration Partnership submitted a Canal Hamiltonhill Development Framework to Glasgow City Council, which was well received and will now constitute one of the main material considerations that will feature in the determination of future masterplans and proposals that are set to come forward for Hamiltonhill housing-led development sites and the Canalside sites that will provide new mixed development, housing and improved greenspace and active travel links (routes and bridges).

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 D.

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	- Service waiting times	-Podiatry clinic new patient wait 5/6 weeks *(Source: Head of Service)* - Physiotherapy clinic new patient wait 19 weeks *(Source: Head of Service)* - Alcohol & Drugs RTT in 3 weeks: North West Target 90%. (100% achieved at Dec 2015 *HSCP performance report June 2016)* - access to specialist CAMHS: North West longest wait 18 weeks at April 2016 *(HSCP performance report June 2016)* -PCMHT RRT in 18 weeks: North West Target 90%. (79.2% achieved at March 2016 *(HSCP performance report June 2016)*	Reduce waiting times across services Reduce waiting times across services Achieve target waiting times Achieve target waiting times Achieve target waiting times
		- GP access targets: % positive rating for accessing GP practice urgently % able to make appointment 3 days in advance	-5000 musculoskeletal service patient visits per annum (Woodside) *(Source: Head of Service)*	Increase number of musculoskeletal annual appointments Improve positive experience rating Improve positive experience rating
		- monitor patient activity and throughput in treatment rooms; - monitor levels of patient activity / consultations across all services; - patient registration with general practice	% positive rating across 8 GP practices: 92.4% 2015/16 *(Woodside GPs average from Scottish Health and Care experience survey)* % positive rating across 8 GP practices: 75.4% 2015/16 *(Woodside GPs average from Scottish Health and Care experience survey)* GP consultations / treatment room activity not routinely collected –	Increased patient throughput in treatment rooms; Increased number of patient consultations; Increased patient registration in line with demographic projections

			will require baseline audit to be undertaken Combined patient list size at Woodside Health Centre: 32,260	
2	Promote a greater focus on prevention and anticipatory care	- monitor level of anticipatory care plans; - LTC bed days per 100,000 -LTC discharges per 100,000 -New A&E attendances with source of GP referral per 100,000 - Referrals to financial inclusion and employability -carer assessments - screening and immunisation rates	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 -North West rate: 8282 April 2015-March 2016 *(Sharepoint)* -North West rate: 3045 April 2015-March 2016 *(Sharepoint)* -North West rate:1992 April 2015-March2016 *(HSCP performance report June 2016)* Glasgow City: 1897 at Sept 2015 *(HSCP performance report April 2016)* North West: 894 2014/15 against target of 700 *(HSCP performance report June 2016)* -North West bowel screening 48.2 % uptake against 60% target -North West cervical screening 63% uptake against 80% target -North West breast screening 64% uptake against 70% target *(HSCP performance report June 2016)*	Increased number of patients with anticipatory care plans; Reduction in LTC bed days (net of population growth) Reduction in LTC discharges (net of population growth) Reduction in rate of new A&E attendances Increased number of referrals Increase number of carer assessments Increased uptake of screening and immunisation programme Increased uptake of screening and immunisation programme Increased uptake of screening and immunisation programme

3	Improve the patient and service user experience	- monitor levels of patient and user satisfaction: Overall % positive rating for care provided by GP practice	% positive rating across 8 GP practices: 90.8% for 2015/16 *(Woodside GPs average from Scottish Health and Care experience survey)*	- 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	- 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	% Positive rating across 8 GP practices: 81.9% for 2015/16 *(Woodside GPs average from Scottish Health and Care experience survey)* Will be monitored as part of national health & care outcomes. Baseline *to be established.* Local survey to be undertaken to establish baseline performance	Improve percentage of people expressing a positive experience Improve percentage of people expressing a positive experience Evidence of greater integrated working across all services
5	Deliver a more energy efficient building within the NHSGGC estate, reducing CO2 emissions and contributing to a reduction in whole life costs	- contribute to NW Locality's share of CHP 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'	- 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	- 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	- carry out DDA audit and EQIA of building; - involve of BATH (Better Access to Health) Group in checking building works for people with	Will be assessed upon facility becoming operational	Compliance with Disability Discrimination Act, Building Control Standards and NHS SHTMs.

		different types of disability; - engagement with local people to ensure building is welcoming – PPF to carry out survey of users.		
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 Woodside 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 key 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

Woodside Health and Care Centre cannot start on site until the required 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 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 25th November 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. All of these are being managed using the planning matrix which is a document used to track progress on discharging all planning conditions.

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.

4.1.1 Critical Success Factors

The critical success factors were subject to workshop discussion at the early stages of the project and set out within the 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	Description
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 & 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 & appeals to the supply
Potential affordability	How well the option meets the sourcing policy of the organization and likely availability of funding & matches other funding constraints

4.2 Options Considered

4.2.1 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 of options

Option	Description
1	Do minimum
2	Build new Woodside Health and Care Centre on current site
3	Build new Woodside Health and Care Centre at Rodney Street
4	Build new Woodside Health and Care Centre at Grovepark/Cedar Street
5	Build new Woodside Health and Care Centre at Hinshaw Street/Doncaster Street
6	Build new Woodside Health and Care Centre at New City Road
7	Build a new combined health and care centre for Woodside and Maryhill at Hugo Street/Shuna Street
8	Build a new combined health and care centre for Woodside and Maryhill at Maryhill Road/ Queen Margaret Drive

4.3 Shortlisted Options

The options that were shortlisted and assessed in the OBC are set out in the table below:

Table 20 – Shortlisted options

Option	Description
Option 1 (previously 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.
Option 2 (previously 4) – Grove park Street	This option would allow the replacement of the current poor quality health centre premises and the relocation of other services and staff to a new purpose-built health and care centre. This option was considered viable – but there are some issues regarding building on a site that is currently a children's play area/green space in a much built up area, the new building being overshadowed by adjacent high rise buildings, and some access and safety concerns for pedestrians.

Option 3 (previously 6) – New City Road	This option would allow the replacement of the current poor quality health centre premises and the relocation of other services and staff to a new purpose-built health and care centre. This option was considered viable but there were concerns regarding the isolation of this site, the lack of adequate road access, noise and pollution due to its proximity to the motorway.
Option 4 (previously 5) – Hinshaw Street	This option would allow the replacement of the current poor quality health centre premises and the relocation of other services and staff to a new purpose-built health and care centre. This option was considered to be the best and achieved the highest scores in relation to each of the investment criteria.

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. The results of the scoring is set out 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 – Results of Non Financial Benefit Criteria Scoring

Option Nr	Option Description		Improve access	Improve patient experience/good working environment for staff	Promote joint service delivery	Sustainability	Contribute to the Regeneration of the Woodside Area	Total weighted score	% of total possible score (based on average scores)
1	Do Minimum	Score	30	25	23	13	16		13%
		Weight	20%	30%	20%	15%	15%		
		Weight Score	**6**	**7.5**	**4.6**	**1.95**	**2.4**	**22.45**	
2	Build new Woodside Health and care centre at Grove park St.	Score	50	64	69	84	44		39%
		Weight	20%	30%	20%	15%	15%		
		Weight Score	**10**	**19.2**	**13.8**	**12.6**	**6.6**	**62.20**	
3	Build new Woodside Health and care centre at New City Road	Score	46	53	74	84	52		39%
		Weight	20%	30%	20%	15%	15%		
		Weight Score	**9.2**	**15.9**	**14.8**	**12.6**	**7.8**	**60.30**	

4.	**Build new Woodside Health and care Centre at Hinshaw Street**	Score	131	130	132	133	128		82%
		Weight	20%	30%	20%	15%	15%		
		Weight Score	**26.20**	**39.00**	**26.40**	**19.95**	**19.20**	**130.75**	

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 £20,083,907.

The capital cost for the preferred option at OBC stage was £18,720,907 however the current capital costs at stage 2 (FBC) for the preferred option is £20,065,252. Whilst this is within the affordability cap it is an increase of circa £1.34m (7.28%) 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 6,732sqm (6730sqm at stage 1)
- Programme delay to overall completion by August 2018 (May 2017 at stage 1)
- Revised requirements, including to achieve improved energy targets and updated regulations, technical standards covered by various change control forms.
- Scope changes including in relation to FF&E.

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	Capital Cost Estimate
Option 1 – Do Minimum	£3,116,618.75*
Option 2 – build new Woodside Health and care centre at Grovepark St.	£18,922,542.99**
Option 3– build new Woodside Health and care centre at New City Road	£18,922,542.99**

Option 4 – build new Woodside Health and care centre at Hinshaw St.	£20,065,252.00***

* These costs reflect those used in the OBC adjusted for inflation to reflect the programme.

**. These costs have been updated since the OBC to reflect the stage 2 design including the area of 6,732sqm. They have been based on the rate of £1,462/sqm updated for inflation to reflect the actual programme and to reflects allowances for site works similar to those at OBC stage including for cut and fill, piling, water attenuation, culvert diversion and diversion of overhead cables. They have also been adjusted to reflect actual fees percentages submitted in the *stage 2 submission and include Prelims (10.82%), Overheads & Profit (4%), New Project Development Fee (6.73%), Additional Management Costs (2.48%), DBFM Fees (1.26%), Hubco portion (1.83%) plus survey costs/ statutory fees, additional fees, etc to match the stage 2 submission.*

*** These Capital Cost estimates are the stage 2 costs provided for the stage E design at Hinshaw St. 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, in the circumstances of this project.

The quantitative assessment of value for money was made using NPV analysis. A summary of the NPV for each option is shown below. The calculations for deriving the NPV figures are enclose at Appendix F and are based on the revised capital costs set out above and the tendered FM and LCC rates for the new build options..

Table 23 - VfM Analysis

25 year Life Cycle		Option 1 - Do Min	Option 2 – Grove park St.	Option 3 – New City Road	Option 4 – Hinshaw St
Appraisal Element					
Benefit Score	a	**22.45**	**62.2**	**60.3**	**130.75**
Rank		**4**	**2**	**3**	**1**
Net Present Cost – Includes risk	b	£10,546,822	£29,837,044	£29,837,044	£30,979,753
Cost per benefit point	b/a	£469,792	£479,695	£494,810	£236,939
Rank		**2**	**3**	**4**	**1**

The result of the benefit scoring in the format used in the OBC is summarised in the table above which confirms that **Option 4 – New Build at Hinshaw Street**, is the highest scoring option whilst also meeting the critical success factors. Costs for options 2 and 3 have been reviewed to incorporate relevant elements of the GMP figure for option 4.

This validates the outcome of the OBC indicating that Option 4 provides the greater economic benefit compared to the other options.

4.6 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 E and demonstrates the following performance against the five metrics:

Area Performance Measurements

Area per GP - an 15% improvement on the standard metric at 85sqm/GP (standard is 100 sqm/GP)

Ratio of clinical Space versus support space – an 8% uplift on the standard metric at a ratio of 1:3.2 (standard is a ratio of 1:3)

Commercial Performance Metrics

Total Project costs - a 4% improvement on total cost metric

Prime Costs - an 8% uplift on prime cost metric

Life Cycle - an 8% uplift on the cost metric, with life cycle increasing by £1.5/sqm but FM being £4.47/sqm below metric..

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

The abnormals include: issue 1- grouting to mine workings, breaking out rock, piling, gas venting, services diversions, cut and fill, de watering; issue 2- additional fire compartmentation works agreed with NHS in compliance with SHTM81, timber and brick plinths to walls and external elevations; issue 3 - additional mechanical ventilation works necessary to deal with site specific acoustic issues; issue 4 - retaining walls and associated bases.

The LCC cost of £19.50/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 Woodside Health and Care Centre is £20,065,252, which is £1,344,686 over the Stage 1 costs of £18,720,566 set within the OBC but £18,655 below the revised Affordability Cap of £20,083,907 The costs within the Stage 2 submission from HWS are based upon Prime Costs including site abnormal costs, risks including those defined within the costed Risk Register, additional inflation allowance and all development costs including tendered Design Team Fees. The Project Specific issues and abnormal elements to the project and are set out below for this FBC::

1 There is a requirement for a Stopping Up Order to Doncaster Street to maintain an open and safe community ‘thoroughfare’ within the main parking area and pedestrian access route to the development.

2 Considerable utility diversions required.
3 The topography of the site requires that there are significant levels of retention within the building, and that brick and timber plinths are required at the east end of the site. In addition there are requirements for cut and fill, and removal of potentially hazardous waste.
4 There are significant issues with the geology of the site including a fault to the west of the site, shallow mine workings throughout the site and shallow rock.
This requires grouting throughout, together with piled foundations.
5 Extensive Mechanical ventilation is required due to the recommendations within the Acoustic Report for the development.

4.7 Risk 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
- 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 ongoing management of risk through the FBC stage. A copy of the risk register is included at Appendix G. This reflect the position at November 2016.

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

4.7.1 Key Risks and Potential 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 £883,673 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 £168,519 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.

4.7.2 Summary and Conclusions

The current risk register at FBC stage indicates a significant reduction in the level of retained risk for the preferred option as compared to that risk at OBC stage. In financial terms the risk allowance has dropped from £883,673 at OBC stage to £168,519 at FBC stage.

4.8 Sensitivity Analysis

It is clear from Table 23 above that Option 4 represents the most favourable option in NPV terms with a net cost per benefit point of £236,939. It is noted that for Option 1 (the second ranking option), to become the greater economic benefit than option 4, the cost of Option 4 would need to increase by over 98 % whilst the cost of Option 1 remained the same.

4.9 The Preferred Option

The results of the combined quantitative and qualitative appraisal of the shortlisted options shows that **Option 4** – **New Build at Hinshaw Street** gives the lowest cost per benefit point, achieves the critical success factors, has a low risk profile and therefore is the preferred option.

5 Sustainability Case

5.1 Overview

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

5.2 BREEAM Healthcare

The requirement to achieve a BREEAM Healthcare excellent rating is integral to the business case process. The stage 2 report includes updates reflecting work carried out for the FBC and includes a BREEAM Assessment report based on the stage E design. This indicates an expected score of 75.4 which is above the BREEAM 'Excellent' 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). 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.

5.5 Summary

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

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

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 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.

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

The TPA prescribes the stages of the procurement process including:

- New Project Request
- Stage 1 (submission and approval process)
- Stage 2 (submission and approval process)
- 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 enters into SFT's current standard form Design, Build, Finance and Maintain Agreement for hub projects.

6.3 Agreed Scope and Services

As identified in earlier sections, this Full Business Case has confirmed that the preferred option identified at Outline Business Case stage remains valid and is the preferred option. The design proposals have been developed to RIBA stage E through an inclusive process involving key members of NHS Greater Glasgow and Clyde and City of Glasgow Council as well as various advisers including technical, financial and legal advisers. This section describes some of the key design development issues including changes since the Outline Business Case stage.

6.3.1 The Site

The preferred site is Hinshaw Street which is located within the Woodside area. This was selected following an option appraisal exercise held on 30th April 2013.

A missive to purchase the land has been agreed with Glasgow City Council and this will be concluded early in the new year and before financial close.

6.3.2 Site Access, Constraints and Orientation

The site has a number of challenging engineering issues associated with ground conditions, all of which have been fully accounted for in the stage 2 design proposals and associated costs
The provision for and management of parking, is recognised as an issue for the site. An overall approach will be used to maximise the use of public or other transport options and to reduce the demand on car parking for the facility. A travel plan is being developed that includes patient and staff surveys to understand the demand and to develop options to support the use of alternative means of travel.

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

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 Woodside 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.

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6.3.4 Schedule of Accommodation

A schedule of accommodation has been arrived at following a number of meetings with the users and project team.

The Schedule of Accommodation is included at Appendix H and totals a floor area of 6,732sqm. The split of area between NHS and GCC has also been reviewed and validated.

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 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 as Appendix I.

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 HAI Scribe report is included at Appendix J.

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

Approximately 225 wte staff will be based at Woodside Health and Care Centre. This includes many staff who will be working with people in their own homes or who will be participating in agile working. An approximate breakdown of staffing numbers is identified in the table below.

Staff Function	Approximate WTE
General Practitioners	23
General Practice staff	34
District Nursing	18
Health Visiting	28
General Dental Practice	5
Pharmacy	5
Allied Health Professionals	33

CAMHS / community paediatrics	**29**
Community Addictions	**25**
Social Work Day Care	**20**
General Admin / Reception	**5**
Total	**225**

6.3.9 Surplus Estate

The current Woodside Health Centre building is built on land leased from Glasgow City Council. The adjoining Clinic on Callander St (both land and building) is owned by NHS GGC and will become surplus to requirements on completion of the new building.

The Woodside Health Centre land lease will be terminated on completion of the purchase of the land for the new build and discussions on this and the disposal of the Callander St site are underway with GGC.

6.3.10 Service Continuity

I.T. and Voice 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 SWAN network. A secondary backup 100Meg SWAN circuit is routed through Possilpark Health and Care 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 contractor, 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.

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 NHS GGC Voice network will facilitate single extension dialling to other facilities; clinics support service at zero cost, The IP system will be installed and operate on BTHV circuits separate to the IT Data circuits. DR/Resilience will be provided via BT PSTN lines via copper cabling

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. Not sure what this entails could be misconstrued – appropriate links between staff who need to link in with GP's will be available.

Use of Electronic check in within GP and clinic settings

Electronic Booking and appointment systems

Reduction of paper records through electronic systems including 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.

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

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 DBFM Co organisation, through the appointment of the Hard FM Service Provider. Soft FM will be managed by NHS GGC.

6.4 Risk Allocation

6.4.1 Transferred Risks

Inherent construction and operational risks are to be transferred to the DBFM Co These can be summarised as follows:

Table 24 – Risk Allocation

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

6.4.2 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 Woodside Health and Care Centre will be bundled with the similarly timed new Gorbals 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 Woodside 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 will 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 Woodside Health and Care Centre project will be one of two schemes contained within the Woodside – Gorbals DBFM bundle being procured through hub West Scotland by NHS Greater Glasgow & Clyde (NHSGG&C)

The financial case for the preferred option, option 4 - New Build Woodside Health and Care Centre at Hinshaw Street 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 NHSGG&C and Glasgow City Council's Capital Contribution due to ESA10. The FBC submission notes a total project cost of £20,065,252 compared to £18,720,567 at OBC Stage.
A revised Affordability Cap of £20,083,907, 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 Woodside Health and Care Centre scheme.

In addition to the revenue funding required for the project, capital investment will also be required for land purchase including site investigation (£168.0k), equipment (£852.0k) and subordinated debt investment (£156k) Details of all the revenue and capital elements of the project together with sources of funding are presented below:

Table 25 - Recurring Revenue Costs Table

First full year of operation	2019/20
Additional Recurring Costs	**£'000**
Unitary Charge net of GCC capital contribution)	1,555.4
Depreciation on Equipment	85.2
IFRS – Depreciation	720.0
Heat, Light & Power, Rates & Domestics services	395.2
Client Facilities Management (FM) Costs	31.9
Total Additional Recurring costs for Project	**2,787.7**
Glasgow City Council Unitary Charge	**178.8**
Glasgow City Council recurring costs	**49.1**
Total Additional Recurring costs for the Project GCC	**227.8**
Total Recurring Costs	**3,015.6**

7.2.2 Unitary Charge

The Unitary Charge (UC) is derived from both the hub West Scotland Stage 2 submission dated November 16 and the Financial Model Woodside & Gorbals v13 and represents the Predicted Maximum Unitary Charge of £1,555.4k 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 therefore 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 it provides a natural hedge.

7.2.3 Depreciation

Depreciation of £85.2k relates to a 5% allowance assumed for capital equipment equating to £852.0k 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 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;

50% of lifecycle maintenance costs.

Based on the above percentages the element of the UC to be funded by SGHD is £1,480.8k which represents 81.2% of the total UC, leaving NHSGG&C and GCC to fund the remaining £325.3k (18.8%). This split is tabled below:

Table 26 – Unitary Charge split

UNITARY CHARGE	Unitary Charge £'000	SGHD Support %	SGHD Support £'000	NHSGGC Cost £'000	GCC Cost £'000
Capex inc group1equipment (Net)	1,505.1	100	1,349.9	0	155.2
Life cycle Costs NHS	117.7	50 (NHS only)	58.9	58.8	0
Life cycle Cost GCC	13.5	0	0	0	13.5
Hard FM NHS	87.7	0	0	87.7	0
Hard FM GCC	10.1	0	0	0	10.1
Total Unitary Charge including Risk	**1,734.1**		**1,408.8**	**146.5**	**178.8**

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 27 – Sources of revenue funding

NHSGG&C Income & Reinvestment	£'000
Existing Revenue Funding – Depreciation	70.0
Existing Revenue Funding - HL&P, Rates & Domestic	102.3
IFRS – Depreciation	720.0
Additional Revenue Funding	358.5
Revenue Funding via GPs, Dental & Pharmacy	128.1
Sub total	**1,378.9**
Glasgow City Council Unitary Charge	178.8
Glasgow City Council running costs	49.1
Sub Total	**227.9**
Total Recurring Revenue Funding	**1,606.8**

7.2.9 Depreciation

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

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

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

7.2.11 Additional Revenue Funding

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

7.2.12 Glasgow City Council

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

7.2.13 Summary of revenue position

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

Table 28 - summary of revenue position

Recurring Revenue Funding	£'000
SGHD Unitary Charge support	1,408.8
NHSGG&C recurring funding per above	1,378.9
NHSGGC funding from GCC per above	227.9
Total Recurring Revenue Funding	**3,015.6**

Recurring Revenue Costs	£'000
Total Unitary charge(service payments)	1,734.2
Depreciation on Equipment	85.2
Facility running costs	427.1
IFRS - Depreciation	720.0
NHSGGC Recurring Costs	**2,966.5**
GCC recurring costs	49.1
Total Recurring Revenue Costs	**3,015.6**

Net surplus at FBC stage	**0**

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 29 - Capital costs and associated funding for the project

Capital Costs	£'000
Land purchase & Fees	168.0
Group 2 & 3 equipment Including VAT NHS	852.0
Sub debt Investment	166.3
Total Capital cost	**1,186.3**
Sources of Funding	
NHSGG&C Formula Capital	1,186.3
SGHD Capital	
Total Sources of Funding	**1,186.3**

7.3.1 Land Purchase

A capital allocation for the land purchase of £168.0k has been incorporated in NHSGG&C's 2016/17 capital plan.

7.3.2 Group 2 & 3 Equipment

An allowance of £852.0k including VAT has been assumed for the Woodside Project. An equipment list is currently being developed which will also incorporate any assumed equipment transfers.

7.3.3 Sub Debt Investment

The Board will be providing the full 10% investment. The value of investment at FBC stage is £166.3k for which NHSGG&C has made provision in its capital programme.

7.3.4 Non Recurring Revenue Costs

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

7.3.5 Disposal of Current Health Centre

The OBC is predicated on the basis that the existing Health Centre, which is not fit for purpose, will be disposed of once the new facility becomes available. There will be a non-recurring impairment cost to reflect the rundown of the facility. The net book value as at 28th November 2016is £1,411k. Following disposal, any resultant capital receipt will be accounted for in line with recommendations contained in CEL 32 (2010).

7.4 Statement on Overall Affordability

The current financial implications of the project in both capital and revenue terms as presented in the above tables confirm the projects affordability. The position will continually be monitored and updated as we progress towards Financial Close.

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 Woodside financial model submitted with hubco's Stage 2 submission.

Table 30 - Current finance assumptions

	Woodside
Senior Debt (£000)	19,768
Sub debt (inc rolled up interest) (£000)	1,947
Equity (£000)	0.01
Total Funding	21,715

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 to be injected at financial closeis as follows:

Table 31 – subordinated debt

	NHS GG&C	SFT	HCF Investments	hubco	Total
Proportion of sub debt	10%	10%	20%	60%	100%
£ sub debt	166,272	166,272	332,544	997,634	1,662,722

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

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

7.5.4 Senior Debt

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 32 – 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)

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 outputs and outputs of the financial model are detailed below:

Table 33 – Financial model key inputs and outputs

Output	Woodside
Total Annual Service Payment(NPV)	£19,676k
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]	1.15
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. The interest rate buffer will provide cover for 0.70% of adverse movements in the guilt rates in the period to financial close.

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

7.6.1 Financial efficiencies through project bundling

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

[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

7.7 Risks

The key scheme specific risks are set out in the Woodside Health and Care Centre Risk Register, which is held at Appendix G to this FBC. This has been developed by joint risk workshops with hub West Scotland. The risk register ranks 10 separate risks according to their likely impact (red, amber, green).

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 GGC. 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 on-going 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 and care 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 from FBC and financial close.

7.8 Accounting Treatment and ESA10

This section sets out the following:

- the accounting treatment for the Woodside 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 NHSGG&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 GGC'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.

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 NHSGG&C'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

[5] http://www.scottishfuturestrust.org.uk/publications/guide-to-nhs-balance-sheet-treatment/

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 Woodside 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 1 submission has been reviewed by external advisers and validated as representing value for money.

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

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

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 34 – Project programme dates

Stage 2: Approval of OBC	April 2014
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 K.

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 and Glasgow City 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 Board has been established and is chaired by the North West Locality Head of Operations of Glasgow City HSCP who will act as the Project Sponsor.

The Project Board comprises representatives from the:

- Senior Management Team of the North West Sector, Glasgow City HSCP
- Service leads, including lead GP representation
- PPF
- NHSGGC Capital Planning team.
- Hub West

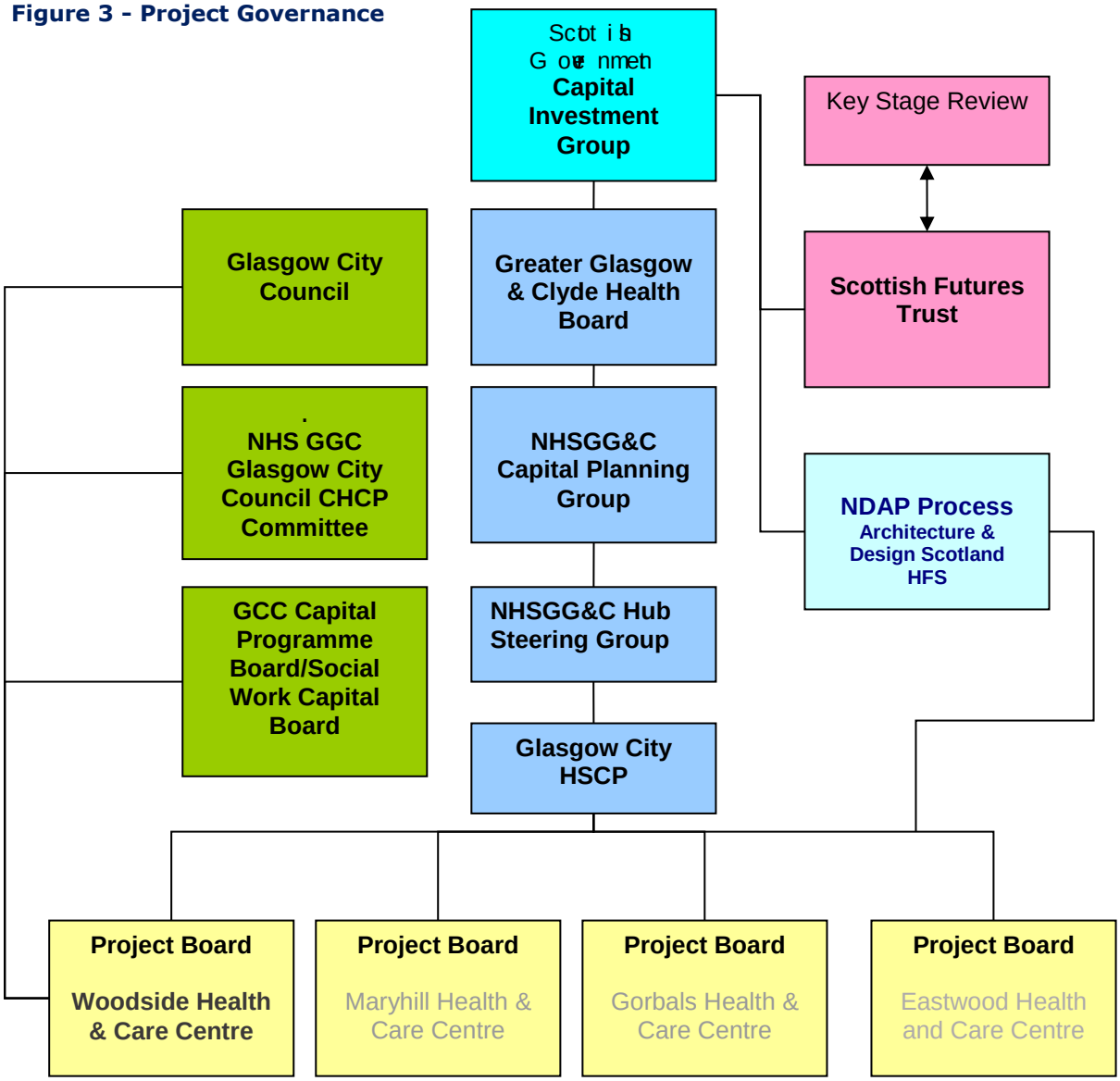
The Project Board will be expected to represent the wider ownership interests of the project and maintain co-ordination of the development proposal.

The Project Board reports to the NHSGGC Hub Steering Group, which oversees the delivery of all NHSGC hub projects. This Group is chaired by a Chief Officer (Designate) of an HSCP and includes representative from other Project Boards within NHSGGC, Capital Planning, Facilities, Finance, hub Territory and Hubco. This governance structure is illustrated in Figure 3 below.

A Project Steering Group has also been established to manage the day to day detailed information required to brief and deliver the project.

The project is also supported by a series of sub groups / task teams as required and identified in the Guide to Framework Scotland published by Health Facilities Scotland. These task teams include Design User Group; Commercial; IM&T; Equipment; Commissioning and Public Involvement

Figure 3 - Project Governance



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

Table 35 – Project Management Arrangements

Project:	Woodside Health and Care Centre	
Parties	NHS Greater Glasgow & Clyde Glasgow City Council Hub West Scotland	NHS GGC GCC Hubco
Project Sponsor	Alex MacKenzie	
Project Director	Jackie Kerr	
Project Manager	Derek Rae	
Finance Managers	Marion Speirs	
Head of Planning & Strategy	Evelyn Borland	HB
Planning Manager	Gareth Greenaway	GG
Private Sector Development Partner – Project Manager	Jim Allen	hubco
Private Sector Development Partner - Tier 1 contractor	Morgan Sindall, Principal Supply Chain Member (Lead) – Gareth Hoskins David Page	MS
Legal	CMS	CMS
Financial	Grant Thornton	GT
Technical	Turner & Townsend	TT

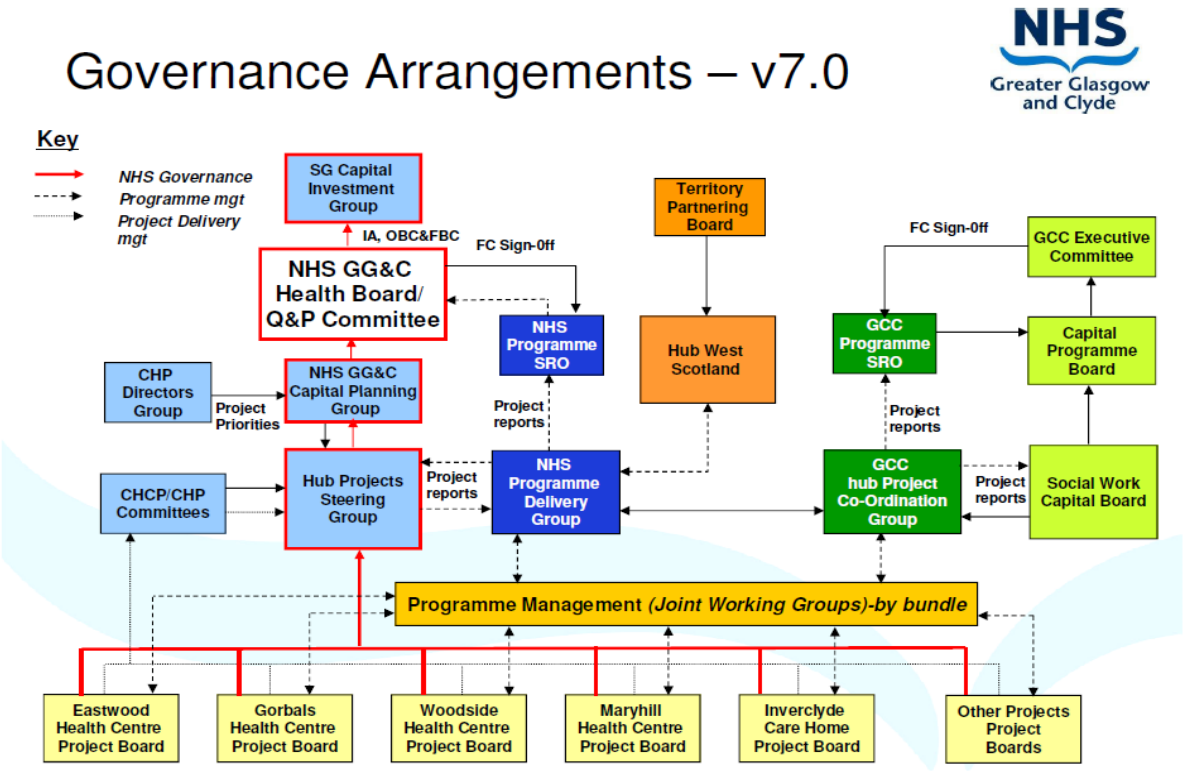
8.4 Revised hub Governance and Reporting Arrangements

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:

- Senior Responsible Officer, - (David Louden)
- Overall Project (Programme) Director -, (Brian Moore)
- Commercial Lead, - (David Louden
- Finance Lead - (Marion Speirs)
- Technical Lead.- (John Donnelly)

Figure 4 – hub governance structure



8.5 Roles and Responsibilities

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

Project Director: - Jackie Kerr, Head of Operations, North West, 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, North West Locality, HSCP, and
- Clinical Director, North West 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 will be as follows:

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

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

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

8.6 Communications and Engagement

In terms of the development of the project to date, the OBC and FBC have been developed through consultations with the following internal and external stakeholders.

- NHS staff and key leads of departments (e.g. Communities/GP's/Dental)
- Public and patient representatives
- Local Councillors
- Scottish Futures Trust
- Local Authority Planning Department
- A&DS
- Local Community Planning Partnership partners.

More specifically the community engagement programme for the project includes the following activities:

- Immediate neighbours engagement meeting and formal planning permission communications
- Wider community engagement meeting – advertise widely – patients, service users, carers, invite key community groups and voluntary organisation, elected members, Scottish Canals, Partick Thistle Trust, Voluntary Sector Network, Third Sector, Housing sector etc.
- Display plans in Health Centre and carry out engagement information sessions
- Update Public Partnership Forum regularly
- Presentations at local Community Groups – Woodlands Community Council, North Kelvin Community Council, Queen Cross Community Involvement Group, Woodside Community Involvement Group
- Presentation at local Community Planning Partnership,
- Produce and distribute widely Newsletter which will detail of plans, timescale of proposal, stages, arts and environment strategy etc.
- Organise access and disability service user engagement meeting Drumchapel Disabled Action 2, Possilpark Disability Community, Better Access to Healthcare (BATH), Glasgow Disability Alliance (GDA), Access Panel, DeafBlind Scotland, ASRA, Chinese Community Development Project, Maryhill and West & Central Integration Network etc
- Information Stall at local community events – Gartnethill Multi Cultural Centre (27/6/14), Bats, Bugs and Buried Treasure (28/6/14), Commonwealth Games Community events and Queens Cross Gala Day (30/8/14)
- Participate in Firhill Basin to Applecross Charrette Design event (Feb 2015)

This was based on NHS GGC's Communication Plan (see Appendix M), developed to facilitate the communication process including consideration of the following aspects.

- Information to be consulted upon
- All required consultees
- Method of communications

- Frequency of consultations
- 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 encompass.

- 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
- 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.

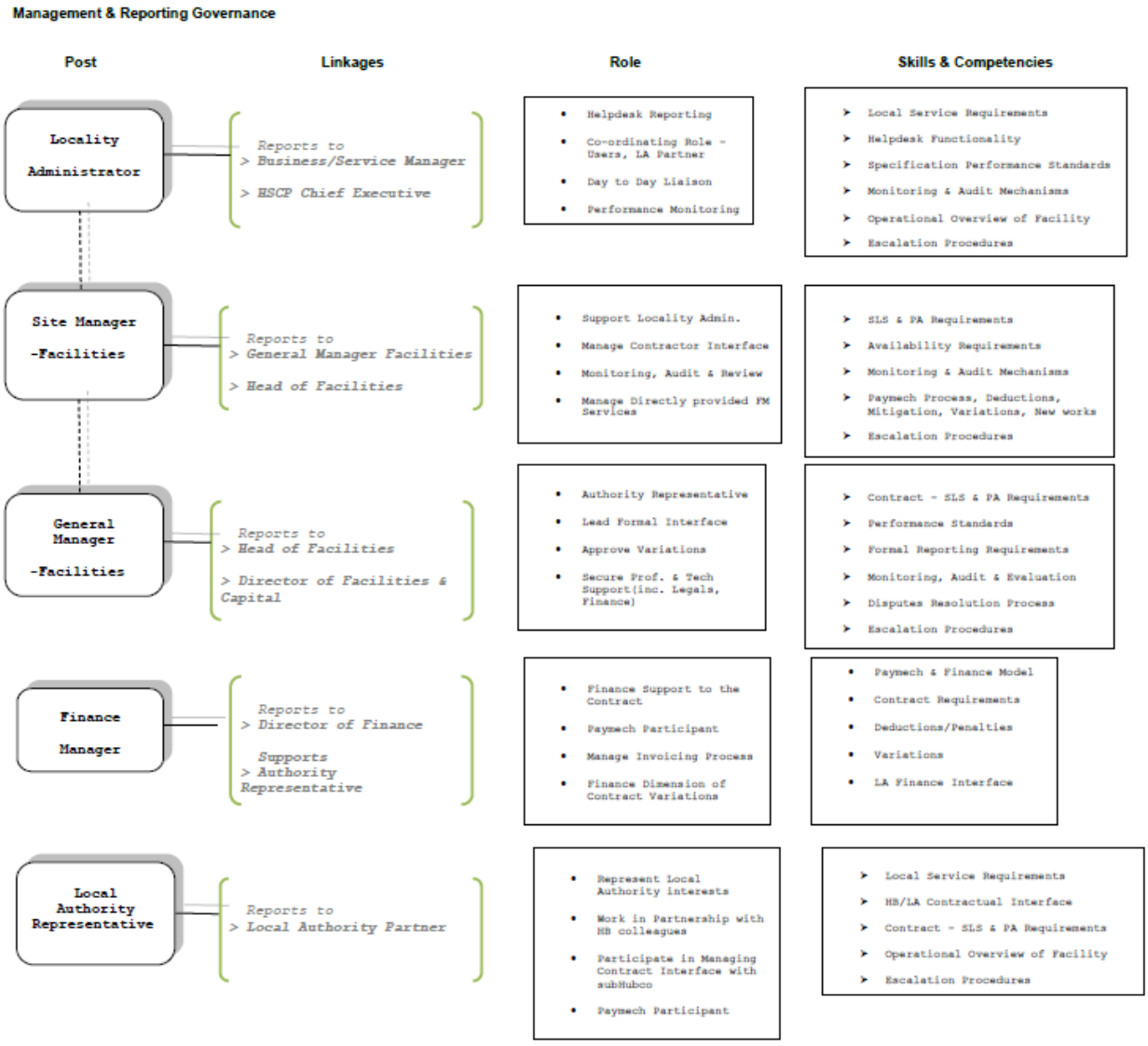
The posts identified will have a collective responsibility for the overall management of the contract and arising services, linking and co-ordinating closely with the objective of maximising utility in support of clinical and other service delivery, along with VFM. Identified is where each post links 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.



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 OBC and this 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 in Appendix D.

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 a 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.
- 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 36 – 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. Were they appropriate?
- Organisation structure, its effectiveness and adequacy of expertise/skills available.
- Master schedule – project milestones and key activities highlighting planned v actual and where they met?
- 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
- 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.
- 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.
- 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.
- 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.
- Any other comments.

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.
Equivalent Annual Cost	Used to compare the costs of options over their lifespan. Different life spans 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 Cost (NPC)	The net present value of costs.
Net Present Value (NPV)	The aggregate value of cash flows over a number of periods discounted to today's value.
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

Term	Explanation
	of benefits 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 (as listed in this document) 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 – Action Plan

Appendix D – Benefits Realisation Plan

Appendix E – Performance Scorecard

Appendix F– Economic Appraisal

Appendix G – Risk Register

Appendix H – Schedule of Accommodation

Appendix I – Design Statement Stage 2

Appendix J – HAI-Scribe

Appendix K – Programme

Appendix L – PEP

Appendix M – Stakeholder Communication Plan