

# **NHS Lanarkshire**

## **Bellshill Primary Care Resource Centre**

**Business Case For Bellshill Primary Care Resource Centre**

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## **EXECUTIVE SUMMARY**

NHS Lanarkshire seeks to promote healthier living in partnership with the people of Lanarkshire and to provide quality services designed to meet the needs of its communities. In furtherance of this, our vision is to provide good quality local access to services that wherever possible are community based, and specifically we wish to create integrated, multi-service Primary Care Resource Centres in modern purpose designed premises, centrally located to the people they serve.

The facilities from which this is achieved include Bellshill Clinic, which has for some time suffered from major constraints arising from a physical environment no longer fit for the purpose. An option appraisal exercise was therefore undertaken to determine the most appropriate way forward to remedy the situation and as a result a capital investment project was included in the NHS Lanarkshire Five Year Capital Investments Programme.

The options reviewed included the following:

- Minimum upgrade to satisfy statutory and environmental requirements.
- Extend and refurbish existing premises.
- Lease additional premises adjoining the clinic.
- New build.

As a result of a detailed exercise and evaluation of the options the preferred option offering best value for money and achieving most benefits is a new build on a new site in Bellshill.

There are several major benefits that arise from the proposed project concerned with the continued provision of primary care services in Bellshill. These benefits, which are developed in greater detail within the submission include:

- Improved effectiveness of service provision and quality of care.
- Greater accessibility for patients.
- Improved environment for patients and staff alike.
- Improved integration with social work services.
- Development of partnership arrangements with other agencies.
- Clinical benefits in mental health and lifestyle clinics.
- Increased service provision.

Estimated capital costs are £3,039,000 and include external site costs VAT, professional fees, site purchase, equipment and cost of specialist IT / telecommunications services. Additional revenue costs for the new build project are £216,000 pa.

## **1.00 INTRODUCTION**

- 1.01** For some years there have been major operational problems associated with the existing Bellshill Clinic arising from the lack of space and very poor functional suitability. The potential for the development of current healthcare services and improvements in the standards and quality of care have been severely curtailed because of the lack of appropriate, fit for purpose facilities. Surveys, undertaken in accordance with the NHS Estatecode guidance confirmed the requirement to address these deficiencies as a matter of priority.
- 1.02** An option appraisal exercise was undertaken to determine the most suitable way forward and as a result, a capital investment project was included in the Board's capital plan and draft property strategy. The options included a range of developments of the existing building and the provision of a new facility within the Bellshill / Mossend locality. As the existing clinic is on a very constrained, land locked town centre site the potential for development is limited and costly. There is the added complication of the Trust owning only the ground floor of the building and half of the external area. The preferred option is therefore to relocate to a new site.

## **2.0 BACKGROUND**

- 2.01** Lanarkshire Primary Care NHS Trust provides community healthcare services to the population of Bellshill and its surrounding areas from facilities based at Bellshill Clinic and two peripheral clinics, Fullwood Clinic, New Stevenson and John Doyle Memorial Hall, Newarthill.
- 2.02** The problems associated with Bellshill Clinic were originally identified through the Estatecode property surveys undertaken as far back as 1995/96. As a result the then Primary Care Trust undertook an option appraisal exercise which resulted in a recommendation to replace the property.
- 2.03** The services provided by the clinic comprise Podiatry, Dental, Speech and Language Therapy, Ante Natal, Well Women clinics, Child Health, Physiotherapy and Psychiatry. No General Medical Practitioner services are located in or adjacent to the clinic and this is considered a major disadvantage in the provision of integrated health services to the population of Bellshill.
- 2.04** There are three GP Practices located centrally in Bellshill (1 to 3 below) with three other practices located in the area at Holytown and Newarthill (numbers 4 to 6 below). Together they serve a population of 47,000.

<u>GP Practice</u>	<u>Population</u>
1) Dr C M McKibbin	11,000
2) Dr D J Park	9,500
3) Dr B H Blincow	7,000
4) Dr D McInnes	13,500
5) Dr K V K Menon	3,000
6) Dr M K Rao	<u>3,000</u>
	Total 47,000

**2.05.1** Of the options considered for the business case the most beneficial in non -financial terms is a new build project on a new site, which can be funded through the traditional route or as a Public Private Partnership project. The new build option however, does require the procurement of a new site in the Bellshill locality and the construction of new facilities to meet the strategic needs of NHS Lanarkshire.

A Previous investigation of the market showed that two suitable sites were available the benefits of which are considered further in section 6, these were:

- (i) Mossend High Street, owned by North Lanarkshire Council.
- (ii) Churchview Gardens, owned by Shell UK Ltd.

**2.05.2** Bellshill Clinic is located on the ground floor of the old library building on Main Street Bellshill, which dates back to approximately 1920. This building has a prominent position in the centre of the town but is located on a very constrained site with little development potential. The main building is a two storey stone construction, with a single storey extension to the rear constructed of brick/roughcast.

**2.07** The premises at Bellshill Clinic are of considerable age and have been adapted over a period of time to provide healthcare with NHS Lanarkshire owning only the ground floor of the premises. A firm of solicitors owns the first floor of the building and this contributes to the constraints on development. The existing layout does not have the flexibility to meet the changing needs of the clinical services. Space utilisation and functional suitability are poor, car parking is most inadequate and disabled access is far from ideal. A schedule of accommodation for the existing premises is detailed in appendix A

**2.08** Bellshill Clinic was subject to an Estatecode survey in 1995, which identified a number of areas where the premises failed to provide an acceptable environment for the provision of modern healthcare services. There are many problems within the existing facilities in terms of the needs of the users which mainly relate to the individual space layout and the functional suitability of the property. Over the years there has been minimal investment in development or improvement of the premises with expenditure being directed at the general maintenance.

### **3.0 STRATEGIC CONTEXT**

**3.01** The replacement of Bellshill Clinic has been a priority for some time. Unfortunately it has continually been overtaken by other priorities. However, the Health Board within its Health Plan has identified the need to provide locally accessible high quality services and the effect upon the health of the community that the lack of such services creates. As the situation with respect to Bellshill Clinic has now become acute with working conditions untenable, the design and provision of high quality premises will undoubtedly have a significant impact upon the efficacy of staff and well being of patients.

The need to replace this clinic is recognized in both the Health Board's Five- year Capital Plan and the draft Estates Strategy.

**3.02** Since developing the first version of a business case for Bellshill Clinic, a new build project at Mossend has been undertaken to replace Dr Park's premises under the rent and rates scheme, this utilizes part of the Mossend High Street site the preferred location of the new clinic thus creating a small health campus which also includes a pharmacy.

### **4.0 BENEFITS ANALYSIS**

**4.01** A benefit analysis was undertaken as part of the preparation of the option appraisal which involved a working group of clinical users and Trust managers. The exercise demonstrated quite forcefully that the new build option was the most beneficial in non- financial terms and is the preferred option by the primary care operating Division. In financial terms, due to the nature of the constrained site and the ownership of the first floor of the existing building, a new build solution was shown to represent excellent value for money in comparison to a major redevelopment of the current clinic.

#### **4.02 Benefits of the New Build Option**

There are several major benefits which will be achieved from this project in terms of the provision of primary care services in Bellshill and Mossend. These benefits are developed in greater detail within this submission and include:-

- Effectiveness of Service/Quality of Care

NHS Lanarkshire fully recognizes the importance of providing a service which must be effective and of a quality which is to the highest possible standard. The environment from which this service is provided plays an important part in the

efficacy and efficiency of the clinical staff and in addition has a material effect upon the health and general well being of the patients. A new custom built facility designed to meet modern standards for space and offering scope for future change and expansion is a significant step forward from the present ill suited premises.

The space available would allow the design of a building that completely satisfies space and functional requirements throughout. Functionally suitable accommodation relieves pressure on staff time and resources allowing more time to be spent productively with patients.

- Integration of Services

One of the major objectives in the development programme for primary care is to integrate the wider primary care provision to achieve better team working between GPs, mental health teams, community nurses and other team members. In addition, there is increased scope for multi-agency working with the Acute Hospitals, outreach clinics and the voluntary sector. A single location from which GPs and other primary healthcare providers could be based would facilitate this. At the same time such developments have resulted in increased demands for accommodation.

The community mental health and addiction teams, which are located in a number of leased premises throughout the Bellshill area, cannot be housed in the current clinic. The proposed development would facilitate this and existing partnerships, e.g. with the acute hospital services which could be developed further if space was available. Additionally the main social work offices for the Bellshill area are located in close proximity to the new site and the provision of this new facility will greatly support joint working.

There are now three General Medical Practices located in the immediate vicinity of the new site. Local Authority owned sites have been identified for a new build development that could accommodate the new clinic. One of the General Medical Practices has been involved in the proposals through the development of a parallel project on the same site, and the proposed design of this project will form a health campus whilst retaining the individuality of the users.

- Accessibility

The location of the proposed new development in the Mossend area of Bellshill, whilst not quite so central to Bellshill town centre as the present clinic, is nevertheless still located within the fairly large conurbation of Bellshill/Mossend less than half a mile from the current facility. It has excellent public transport links, ample off street parking and forms part of the local authority's regeneration program for the area.

The main entrance of the existing clinic is not easily accessible to the elderly or disabled, with disabled access from a rear entrance only. Access from the pavement

is via a series of steps, there is no scope to install automatic doors or construct a ramp at the front. Car parking is remote and grossly inadequate: it is a shared facility with the solicitor's offices. The new site will have ample parking and be fully designed to comply with all requirements for disabled persons.

- Environment

A new build solution will create a more aesthetically pleasing environment for patients and staff, with the ability to make the most of natural daylight and ventilation. Current problems associated with deep plan rooms; absence of ventilation and excessively high ceilings will be overcome. Security of staff is paramount and the project shall include measures that shall incorporate up to date good practice designs of both physical layout and security systems.

- Clinical Benefits

The proposed new accommodation would allow for a much more multi-disciplinary team centered approach to the delivery of healthcare. As a result clinical services would be greatly improved.

- (i) Mental Health

The opportunity to have the local mental health team under one roof would have the advantage of providing a coordinated service. This would include the community mental health team, addiction services, psychiatry, psychology, therapeutic and counseling services, all of which would benefit patients in this economically depressed, socially deprived area. The General Practitioners recognize these benefits and have expressed their support for such a development. Improved accommodation would also facilitate the development and strengthening of partnerships with the Social Work departments all of which contributes to mental health services being: -

- Based in the community which it serves
- Tailored to meet the specific needs of its locality
- Working closely with primary care

The aim of the service provided by this network will be the treatment of the patients in their own home area, helping prevent admission to hospital or to help minimize the length of stay in hospital through the provision of a responsive service by clinical staffs on the ground.

The key areas that underpin this approach are:

- Accessibility, addressing barriers that impair access
- Geographical, services are based locally

- Availability, services open beyond traditional working hours
- Physical, improved transport and better environment
- Administration, flexible referral times or appointment times.

- Increased Service Provision

The current acute shortage of physiotherapy accommodation in Bellshill Clinic is severely restricting the amount of services this department can provide. As a result a considerable number of patients have to travel from Bellshill and Mossend to Uddingston and Motherwell. A new clinic would allow the desired expansion to take place overcoming the need for patients to travel for treatment and would anticipate potential changes to provision at Uddingston.

- Continuity of Service

For any option other than new build the clinic would have to close. The logistics of a major structural redevelopment on a severely cramped town centre site are significant and would result in the closure of the clinic and the solicitors' premises for some months. Due to the on-costs associated with the difficult access and extension upwards, an upgrading does not represent value for money. There is no certainty that NHS Lanarkshire would be able to provide temporary accommodation in Bellshill, nor that the solicitors' office would readily relocate. Patients would probably have to travel to Motherwell for treatment during the construction works.

- Room for Future Expansion

Recent experience has shown that even with comprehensive planning of future development in clinical services accommodation can very quickly once again become inadequate (whether due to increases or movement in population, or changes in service provision). It is essential that in any future building development there is cognizance of this and built in flexibility.

The above proposals would provide all of the identified patient benefits as well as providing the professional design teams with the opportunity to construct a building that adopts a patient centered approach to healthcare delivery.

**4.03** A detailed benefits analysis is shown in Appendix D.

**4.04** The results of the Benefits Analysis are summarized below:

<b>Benefits Analysis</b>	<b>Option B</b>	<b>Option C</b>	<b>Option D</b>	<b>Option E</b>	<b>Option F</b>	<b>Option G</b>
Score	556	710	736	934	954	824

Rank	6	5	4	1	1	1
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## **5.0 SCOPE OF THE CURRENT SERVICE**

### **5.01 Scope of the Project**

The proposed development will provide an additional 40% accommodation for the benefit of the current users of the clinic. It will also permit the development of physiotherapy services remotely located in Uddingston, which would transfer to Bellshill upon completion of this project.

### **5.02 Dental**

The Community Dental Service (CDS) has two surgeries within the clinic. Of the two, one is adequate for its purpose, whilst the second surgery is too narrow and grossly inadequate for use as a surgery. There is a short flight of steps to the dental area, precluding disabled access.

The CDS identified the need for three purpose designed surgeries as well as space for storage of dental records, and as there is also no appropriate waiting area for patients who wait in the adjoining corridor, adequate and appropriate facilities for patients is a priority.

Finally, there is a need for storage space for more bulkier items and materials together with an office.

Summary of requirements:

- 3 Surgeries.
- Extra storage space for records.
- Waiting area.
- Equipment storage area
- Patient waiting area.

### **5.03 Podiatry**

Currently there are two consulting rooms that are long and narrow and too small for their purpose. The increasing numbers of elderly in the community create an increasing demand on Podiatry services. The proposed project would therefore accommodate three treatment rooms.

The location of the existing treatment rooms, directly accessed from the main entrance corridor of the building, is also a problem in that patients have to walk past the consulting rooms on their way to the reception, then have to retrace their steps, unsupervised, once they have reported in to reception. There are no facilities for patients who wait in the corridor. With the rooms being located at the entrance to the building anyone entering them direct from the street cannot be seen from the reception area presenting a significant security problem.

There is therefore a need for three appropriately sized and designed consulting rooms to cater for the expanding patient numbers and to provide adequate facilities for the four staff currently based at the clinic. Separate sub reception and waiting areas are also preferable to support the effective management of the movement of members of the public for security purposes.

Summary of requirements:

- Three consulting rooms designed to Building Note standard
- Patient waiting and reception facilities

#### **5.04 Child Health**

Whilst the existing consulting rooms are suitable for the Community Medical Staff, consulting room 1 is much too large resulting in a totally inappropriate use of space. There will also be a future need for a further consulting room due to the planned expansion of the service but this cannot be achieved within the structural layout and design of the existing building without major redevelopment.

There is a need for interview facilities, office accommodation and storage accommodation for the C.M.Os, who at present utilize a small office adjacent to the waiting area.

Within the child health consulting area is located a WC, this is poorly positioned and contravenes good practice; control of infection guidelines and the dignity and privacy of patients.

Summary of requirements:

- Consulting rooms designed to Health Building Note standards.
- Adequate consulting room accommodation.
- Office accommodation for three consultants
- Storage space
- Appropriate toilet facilities

Much of this accommodation will be multi-purpose and available for other consulting opportunities, visiting hospital Consultants etc.

#### **5.05 Physiotherapy**

The physiotherapy department has a requirement for six treatment areas, used on a full time basis. The current physiotherapy treatment rooms are not of the recommended size; there are no private office accommodation or storage facilities. The location of the physiotherapy department is not ideal being very remote from the main reception/waiting area, and patients currently have to wait in the corridors.

The Trust currently operates physiotherapy services from 80 year old premises in Uddingston that were previously rehabilitation facilities for injured coal miners. An option appraisal carried out on all of the community clinic services in the Hamilton area has recommended that the opportunity be taken to rationalize these services, transferring the Uddingston clinic to Bellshill. This rationalization can only be achieved with the provision of new, additional facilities to replace Bellshill Clinic.

Within the current clinic, the location of the physiotherapy department along a series of corridors, remote from the main entrance is not ideal. The new facility would provide a quality environment designed for patient's comfort and easy access.

Summary of requirements:

- Six cubicle treatment areas
- Treatment room.
- Exercise area
- Private office accommodation
- Extra storage space
- Relocation nearer to waiting area

## **5.06 Nursing**

Currently sixteen staff use the large office accommodation, with a further six using the adjoining office and at least two student nurses on a regular basis. With the present facilities being one large open plan office with a very high ceiling, noise levels are unacceptably high and lack of privacy is a major problem.

A new development would present the opportunity to provide an appropriate multi purpose meeting/conference room within the clinic for nursing and other clinical professionals to facilitate team leadership and co-ordination of services

Summary of requirements:

- Provision of four appropriately sized rooms for nurses.
- Access to a meeting / conference room.
- Storage accommodation.

## **5.07 General**

The location of the reception area is an important issue to be addressed. The reception should be located at the main entrance to enhance security and control of the premises. The size of the reception at present is wholly inadequate, and the problems regarding lack of space are also associated with the poor storage facility for welfare foods. These are stored away from the reception area, carried in when required by staff, creating a manual handling risk.

At present there is neither the facility for a health education room, a teaching room or parent-craft room: the provision of one multi purpose room is therefore seen as a priority. The Clinic does not provide breast- feeding or baby changing facilities, which have led to numerous complaints in the past. Prams and buggies are lined up in corridors which contravenes current fire regulations. In addition, the clinic requires interview rooms to ensure confidentiality and privacy for patients.

Three treatment rooms are required together with facilities for a clinette and appropriate toilets for both patients and staff, with a particular requirement to overcome the deficiencies of lack of disabled persons facilities.

The present functional layout of the Clinic is poor requiring a fundamental redesign of the facility that will relocate all clinical based accommodation to the front of the building with non-clinical and administrative accommodation to the rear or on an upper floor.

The general environment for staff does not engender an efficient and effective work place. Staff facilities require to be improved as a matter of urgency providing a staff room and kitchen that would comply with the Food Hygiene Regulations.

Rooms should be allocated for storage of clinical waste and for domestic waste, which are currently stored in the corridors of the building.

## **6.0 OPTIONS CONSIDERED**

### **6.01 Summary**

Several options have been considered including do nothing, a minimum upgrading at the existing site, major upgrading of the existing site, and building new facilities at alternative locations within the Bellshill area. Four sites had been identified suitable for a new Health Centre development and after detailed discussions with the users, the number of sites considered acceptable were reduced to two.

### **6.02 Option A - Do Nothing Option**

Under this option it was recognized that the general structure and engineering services of the building would remain in their present condition. There would be no major capital investment and as a result the building fabric and engineering installations would continue to deteriorate with the passage of time and continued use. To maintain the premises safe, secure and operational a degree of capital investment was essential, therefore the do nothing approach was really not sustainable.

### **6.03 Option B - Minimum Upgrade to existing site at Bellshill Clinic.**

This option retains the clinic layout as it is but undertakes improvements and upgrading to meet the Estatecode Statutory and Physical requirements. This work would involve the renewal of electrical installations, heating systems, floor coverings and internal decoration. The opportunity could also be taken to address the deficiencies associated with lack of disabled persons facilities and security issues.

This level of upgrading would improve the fabric of the building to provide a more acceptable, pleasing and safe environment for patients and staff. A more pleasing internal appearance would be achieved but the problems regarding the functional suitability and lack of space would remain unresolved. Problems with parking would not be addressed in this option, which leaves satisfactory access to the clinic questionable.

This option does not meet the core objectives of improving the delivery of healthcare to the patients. It presents a solution to some of the aesthetic problems of the clinic but does not solve the problems regarding lack of clinical, non clinical and administrative accommodation.

#### **6.04 Option C - Upgrade existing Bellshill Clinic site and include leasing of first floor area.**

This option would entail the complete redesign and refurbishment of the ground floor, which would solve most of the problems regarding clinical services. NHS Lanarkshire would lease part of the accommodation on the first floor from the present owners T.G.Bradshaw Solicitors. The upper accommodation would also need upgraded and a new layout planned, to provide room space for administration and non-clinical functions. This option would increase the efficiency and effectiveness of the delivery of clinical services provided by the Trust aiding the Trust to meet its core objectives of quality healthcare delivery to patients.

*Advantages associated with this option:*

- The planning consent requirements would not be as onerous as those associated with a new building development.
- Minimal major structural alterations would be required
- No physical encroachment on an already congested site
- Greater opportunity exists for phasing the works if required which would reduce the amount of alternative accommodation required while works are in progress.
- The clinic retains a high profile presence on the High Street easily accessible to patients.
- Time would be saved through the avoidance of the need to procure a new site.

*Disadvantages associated with this option are:*

- The configuration of the rooms at first floor level owned by TG Bradshaw are less than desirable due to their depth and therefore more space is given to circulation than is necessary.
- The ground floor layout would be a compromise with some design defects unable to be satisfactorily solved e.g. the toilet facilities remain remote from the users, disabled access would not improve.
- The cost of leasing the upper floor would constitute a continuing revenue expenditure of funds, which would increase with time. The owner of the upper floor has a much higher expectation of open market rental value for this accommodation than is given by the District Valuer.
- The major problems associated with lack of car parking would remain and any increase in activity or number of staff would exacerbate this.
- Scope to extend the clinical services is negligible.

#### **6.05 Option D - Upgrade existing Bellshill site to include a 1<sup>st</sup> floor extension to the health premises.**

This option would entail complete upgrading of the ground floor providing a new room layout that would solve the accommodation problems regarding clinical services. To ensure adequate non-clinical and administrative accommodation the Trust would construct an upper floor above the rear extension.

This option would increase the efficiency and effectiveness of the delivery of service provided by the Trust aiding the Trust to meet its core objective of service delivery to patients.

*The advantages associated with this option are:*

- Ownership and control of the facilities remain within the NHS.
- The arrangement for administration and non-clinical functions relate better to the whole complex.
- No physical encroachment on a constrained site.
- The clinic retains a high profile location on the High Street with easy access for patients.

*The disadvantages associated with this option are:*

- Greater capital expenditure is required.
- There is less opportunity to phase in the project.
- Decanting would be required.
- Planning consent would be more difficult to obtain.
- No improvement in car parking difficulties.
- No scope for future development.

#### **6.06 Option E – Capital new build project on new site.**

This option would allow NHS Lanarkshire to fully provide a delivery of service in line with its strategy for the development of high quality community based patient services, and would allow the maximum scope for joint agency working with colleagues from the acute sector, social work services and the voluntary sector. This would also leave the Bellshill Clinic site unaffected during the construction period. Once the new facility has been completed the existing site in Bellshill would be sold to contribute to the costs of the project. A key consideration with this option is the preferred location for the new site of the clinic. Of the four possible sites that were identified originally, the two detailed below were seen to be the most favourable in the Bellshill locality. These sites were chosen initially for their location and size:

#### Churchview Gardens

The site owned by Shell UK had particular problems associated with ground contamination. Discussions between the company and the District Valuer's office identified the additional on-costs that would be involved in cleaning up the site. The site also comprised an irregular shaped area of ground, which although located near the centre of Bellshill in a mixed residential and commercial area, proved to be problematic with respect to achieving a satisfactory site layout. The site, which was larger than that required for a new clinic, was only available as one unit. The cost of purchase was therefore significantly higher than the site owned by the local authority.

#### Mossend

The Mossend site, which lies on the boundary between Mossend and Bellshill, comprises an irregular shaped area of land currently landscaped as an amenity area. It is located on the High Street adjacent to the GP Practices in an area of mixed residential and commercial development. The owners of the site, North Lanarkshire Council have been very supportive of the Trust's proposals and have made the site available for some time in anticipation of the approval of the project. A number of discussions were held with both the Officers and the Elected Members of the Council and a new GP Medical Practice and a Pharmacy have already been built, which space remaining for the new Clinic to form a health campus. Considerable support has been given for these proposals from the Planning Department, Social Work and Property Department of North Lanarkshire Council, who are the selling agents. This site is the preferred location for the development.

*The advantages of the new build option are:*

- A building design could be achieved that fully satisfied user requirements and complied with the latest design criteria.
- The environment would be new, user friendly and designed for life cycle costing.
- The project would solve all parking problems.
- No decanting would be necessary during construction.

*1.1.1 The disadvantages are:*

- Higher capital and revenue costs.
- Legal requirements to procure a site may be time consuming.

## **6.07 Option F New Build Project – Lease Option**

This option retains all of the benefits of a new build solution providing a purpose-designed facility to the highest current standards. In addition, there is the added benefit of procuring the capital funding from the private sector thereby transferring the risk and the responsibility for funding and constructing the project away from the NHS. The advantages and constraints will be compatible with the new build proposal.

*The advantages of this option are: -*

- A building project could be achieved that would comply with the latest design criteria and fully satisfied patient and user expectations.
- The environment would be new, user friendly and designed for life cycle costing.
- The project would allow integration of GP, community and local authority services.
- No decanting would be necessary during construction.
- Parking for disabled, patients and staff would be solved.  
Access would be improved with a town centre site.
- Minimum capital investment required
- Capital risk transferred to private sector.
- Development risk transferred to the private sector.
- Site procurement responsibility of the private developer.

*The particular constraints of this option are:*

- Higher revenue costs than the upgrade options.
- Legal requirements to procure a site may be time consuming.
- Greater EAC over the life of the project

## **6.08 Option G PFI**

Under this option NHS Lanarkshire would seek competitive bids from suitable companies to fund, design, build and operate premises, providing all or some facilities and maintenance services.

The charge to NHS Lanarkshire would be a comprehensive annual contract sum that included the contractor's profit which overall, could result in a greater project cost. However the benefit of this procurement route lies in the transfer of both construction and operation risk from the Trust to the provider.

*The advantages of this option are:*

- A building project could be achieved that would comply with the latest design criteria and fully satisfied patient and user expectations.
- The environment would be new, user friendly and designed for life cycle costing.
- The project would allow integration of GP, community and local authority services.
- No decanting would be necessary during construction.
- Parking for disabled patients and staff would be solved.  
Access would be improved with a town centre site.
- Minimum capital investment required.
- Capital risk transferred to private sector.
- Development risk transferred to the private sector.
- Operational risk transferred to the private sector.

*The particular constraints of this option are:*

- Greatest EAC over the life of the project
- Timescale may become longer than under a traditional procurement route

## **7.0 COSTS OF OPTIONS**

### **7.01 Economic cost**

The economic cost of the options has been calculated in two categories, revenue costs and capital costs, costs are based on 3<sup>rd</sup> quarter 2005 levels.

### **7.02 Revenue Costs**

Revenue costs include cleaning, heating, maintenance of premises and rates in addition to the capital charges that the project will incur. All current clinical staffing costs would transfer into the new facility, therefore there are no clinical staff cost implications. The additional revenue costs are detailed in Appendix B.

### **7.03 Capital Costs**

Capital costs for the new build option were estimated from departmental cost allowances based upon current design guidelines and Health Building Notes. For the upgrading options, capital costs were prepared on behalf of the Trust by Hunter Widnell, Quantity Surveyors and Consulting Engineers Hulley & Kirkwood, based upon outline design proposals prepared by Architects David Rae.

Estimated capital costs for the options considered which are detailed in Appendix C. include construction, design fees, equipment costs, VAT and estimated costs for land acquisition. They also include estimated capital receipts from land disposals.

### **7.04 Capital Receipts**

Capital receipts for Bellshill Clinic are based on current open market valuations undertaken by the District Valuer's Office and could range from £200,000 to £100,000. A conservative income has been set at £150,000.

Detailed profiles of discounted cash flows, modeled over a 25 year period for the rental options, a 30 year period for the upgrading options and 60 years for the new build option have been prepared in accordance with accounting practice and are presented in Appendix E. A summary of the NPV of each option is shown in the table Fig 7.1. In accordance with discounting practice VAT and capital charges have not been included in the calculations.

<b>OPTION</b>	<b>1.2 EAC £'s</b>	<b>RATING</b>
Do Nothing Option A	NA	-
Do minimum upgrade Option B	66,000	1
Upgrade existing site with leasing Option C	135,000	2
Upgrade existing site with extension Option D	135,000	2
New build at Mossend site Option E	135,000	4
New build at Mossend – Developer Led Option F	135,000	5
New Build at Mossend - PFI Option G	135,000	6

#### **7.05 Option B**

This option retains the health clinic in its present format with future capital expenditure directed at maintaining the fabric and addressing any backlog maintenance and statutory items. No significant alteration or extension of the premises is envisaged and all of the users remain in their present accommodation.

##### Capital Costs

	£
Works cost	333,000
IT and Security	65,000
VAT (charged to 50% of the works)	29,000
Fees (10.0%)	33,000
Removals and decanting	114,000
<b>Total capital costs</b>	<b>£574,000</b>

##### Revenue Consequences

Capital Charges (applicable to 50% of the works)	15,000
Capital charges IT/security	9,000
Maintenance incl. life cycle cost.	40,000
<b>Total additional revenue costs</b>	<b>£64,000</b>

## 7.06 Option C

This option includes the refurbishment of the ground floor accommodation together with leased accommodation on the first floor of the building. The costs of this option are detailed below:-

<u>Capital Costs</u>	£
Construction works	1,066,000
VAT 60% of works	112,000
Equipment (incl. vat)	104,000
IT / Telecomms (incl. vat)	65,000
Fees (10 %)	106,000
Decanting / temp accommodation (incl. vat)	<u>114,000</u>
<b>Total capital cost</b>	<b>£1,567,000</b>

### Additional Revenue Costs

Heat, light & Power 224m <sup>2</sup> @ £7.80/m <sup>2</sup>	2,000
Day to day maintenance £18.50/m <sup>2</sup>	4,000
Life cycle cost maintenance	30,000
Domestic Services £14.50/m <sup>2</sup>	3,000
Rent Rates £16.00/m <sup>2</sup>	4,000
Leasing cost £90.00/ m <sup>2</sup>	20,000
Capital charges 60% of works	64,000
Capital charges IT/security	23,000
<b>Total Revenue Costs</b>	<b>£150,000</b>

## 7.07 Option D

In this option, the clinic would be upgraded and an extension built to the rear of the Trust's premises. Costs of this option are detailed below:

### **Capital Costs**

Extension and refurbishment works	1,303,000
VAT (charged to 70% of works)	228,000
IT & Telecomms	65,000
Fees (@10.0%)	130,000
Equipment	130,000
Decanting / Temporary accommodation	114,000
<b>Total</b>	<b>£1,970,000</b>

### Additional Revenue Consequences

	£
Heat, light & Power 248 m <sup>2</sup> @ 7.80	2,000
Day to day maintenance @ 18.50	5,000
Life cycle cost maintenance	33,000
Domestic Services @14.50	4,000
Rates £16/ m <sup>2</sup>	4,000
Capital Charges	109,000
Capital charges IT / Equipment	26,000
<b>Total Revenue Costs</b>	<b>£183,000</b>

### **7.08 Option E - New Build. NHS Funded**

Within this option for a new build health clinic in Bellshill space would be provided to accommodate all of the current users together with the additional clinical services detailed in the submission all contained within a building providing 1256m<sup>2</sup> of accommodation. The costs of this option are as detailed below:-

### Capital Costs

Site purchase	475,000
Construction costs £1,348/m <sup>2</sup>	1,382,000
Externals 30%	414,000
Abnormal site costs incl. road re-alignment 10%	137,000
VAT	338,000
Fees	193,000
IT & Telecomms	91,000
Specialist removals	29,000
Equipment	130,000
<b>Sub Total</b>	<b>£3,189,000</b>
<b>Income from disposals</b>	<b>£150,000</b>
<b>Total capital cost</b>	<b>£3,039,000</b>

### Trust Revenue Consequences

Heat light and power @£7.80/m <sup>2</sup>	10,000
Day to Day maintenance @£18.50/m <sup>2</sup>	23,000
Life cycle cost maintenance	40,000
Domestic services @£16/m <sup>2</sup>	18,000
Rates @£12.50/m <sup>2</sup>	20,000
Capital Charges	172,000
Capital Charges – IT/Equipment	<u>30,000</u>
<b>Total</b>	<b>£313,000</b>

Budget transferred from existing clinic	97,000
<b>Net additional revenue costs</b>	<b>£216,000</b>

## 7.9 Option F - Private Developer Option

The Trust would lease the premises direct from the developer under the aegis of a Full Repairable and Insurable Lease with rental levels set by the District Valuer. All costs of utilities, rates, cleaning, operational and life cycle cost, maintenance etc; would be met by the Trust. Estimated rental levels for the proposed development have been determined following discussions with the District Valuer.

### Capital Costs

Equipment	130,000
Telecommunications / IT	65,000
Security installations	26,000
Specialist removals	26,000
Professional fees	<u>40,000</u>
<b>SubTotal (incl. vat)</b>	<b>£287,000</b>
<b>Income from disposals</b>	<b>£150,000</b>
<b>Total capital cost</b>	<b>£137,000</b>

### Revenue Costs

Property rent @ £128.00/m <sup>2</sup>	161,000
Vat	28,000
Capital charges IT, Equipment & Security	30,000
Heat light and power @ £7.80/m <sup>2</sup>	10,000
Day to day maintenance @ £18.50/m <sup>2</sup>	23,000
Life cycle cost maintenance	40,000
Domestic services @£14.50/m <sup>2</sup>	18,000
Rates @£16/m <sup>2</sup>	20,000
Insurance	<u>20,000</u>
<b>Sub Total</b>	<b>£350,000</b>

### Income.

Budget transferred from existing clinic	97,000
<b>Net additional revenue costs</b>	<b>£253,000</b>

## 7.10 Option G – PFI

The Trust will pay an annual contract sum for the premises which would include some or all of the operational costs for the building together with a sum for the capital repayment of the contractor's investment and an element for profit. The Trust would not be required to provide any capital investment, procure a site or be

responsible for the design and build element. The estimated annual contract sum of £235.00/m<sup>2</sup> has been based upon the outcomes of similar PFI projects for community healthcare projects together with discussions with private developers.

Capital Costs

Site Purchase	475,000
IT equipment	39,000
Equipment	130,000
Professional fees <u>112,000</u>	
<b>Sub Total</b>	<b>£756,000</b>
<b>Income from disposals</b>	<b>£150,000</b>
<b>Total capital cost</b>	<b>£606,000</b>

Revenue Cost

Annual contract sum. £235.00/m <sup>2</sup>	295,000
VAT	52,000
Heat, light, power	10,000
Rates	20,000
Capital Charges – Site	17,000
<b>Capital Charges IT/Equipment</b>	<b>23,000</b>
<b>Total</b>	<b>£417,000</b>

Income.

Budget transferred from existing premises	97,000
<b>Total estimated annual cost</b>	<b>£320,000</b>

## **8.0 RISKS AND UNCERTAINTIES**

**8.01** Any project involving time and resources attracts risks and uncertainty. Risk relates to the likelihood of something going wrong, and uncertainty to the difficulty of knowing in advance the outcome of a course of action. The term “risk” is used in this document to apply to both risk and uncertainty. The risks for this outline business case have been considered which appear relevant to this project and the following paragraphs include an overview of the approach taken.

**8.02** The two main objectives of Risk Management are:

- To manage the risks arising from the clinical and non-clinical activities in a coordinated, systematic and focused way
- To protect the assets by reducing unnecessary costs, minimizing losses from material damage and professional negligence, and by ensuring that income is not reduced through loss of facilities.

The principal risks associated with the development of the new clinic have been identified and are as detailed below. The consequences of failing to manage them or plan adequately for their occurrence can be translated into an estimated financial cost to NHS Lanarkshire for the *financial risk elements*.

**8.03** Financial risks include the following: -

- Market risks - the demand for services in the new facilities being less than anticipated.
- Operational risks - the costs of operating the facilities being higher than estimated.
- Construction risks - relates to building costs exceeding estimates.
- Income risk – relates to the actual income from the disposal of the existing premises being well below the estimate.

**8.04** Non-financial risks relate to: -

- Failure to meet the needs of patients and users.
- Failure to provide service delivery and flexibility
- Disruption to and lack of facilities for staff
- Difficulties in procuring the preferred site.
- Difficulties in obtaining local authority planning consents.
- Local authority being reluctant to dispose of the site to a private developer.
- Policy changes within the NHS not involving legislation.

## 8.05 Risk analysis

A risk analysis has been carried out for each option, covering both financial and non-financial risks.

## 8.06 Financial Risks

For each financial risk a contingency sum of money has been identified based upon both the likely cost of the risk and the estimated probability of its occurrence. The following financial risks have been identified:

- Works estimates under-estimated for the upgrading of existing facilities
- Construction costs for new build exceed budget
- Sales of existing site realizes less than estimated open market valuation
- Purchase price of new site is greater than estimated
- Leased costs exceed expectations
- Rent reviews exceed expectations.
- Operating and maintenance costs exceed expectations.

### (i) Upgrading works estimate undervalued

This risk relates to options B, C, and D and refers to the possibility of an unforeseen increase in the upgrading costs to existing facilities. Estimates have been prepared for these works based on surveys carried out by Consultants. These estimates include contingencies for unforeseen items of expenditure, as is common practice on building projects. The Trust believes that it is unlikely further expenditure will be required to the survey costs already detailed as the contingency fund is based on industry parameters. The potential cost of this risk is therefore set at 10% of the costs of the works, with only a medium possibility of the fund being required.

The total cost of the work for Option B excluding VAT is £333,000. A 10% contingency fund would be £33,000 with a probability of 50% being enforced; consequently the estimated cost of this risk is £16,500.

The total cost of the work for Option C excluding VAT is £1,066,000. A 10% contingency fund would be £106,600 with a probability of 50% being enforced; consequently the estimated cost of this risk is £53,300.

The total cost of the work for Option D is £1,303,000. A 10% contingency fund would be £130,300 with a probability of 25% being enforced; consequently the estimated cost of this risk is £32,600.

### (ii) New site costs higher than estimated

It is possible, although unlikely, that the new site cost to replace the existing facilities is higher than estimated. This is seen as a low risk as the site is owned by the local authority who is very supportive of the Trust's proposals to relocate to Mossend.

The District Valuer's estimated cost for the procurement of the High Street site at Mossend is £475,000.

As a successful agreement with the local authority on the price is dependent upon the outcome of negotiations with the District Valuer a 25% contingency fund would be advisable with a probability of 25% being enforced, consequently the estimated cost of this risk is £29,700.

(iii) Site sells for less than estimated

Option E, F and G have the potential to raise income by selling existing Trust premises. A fairly low value has been set by the District Valuer and marketing agent on the building in Bellshill at £150,000; the cost of risk set on this transaction is therefore low to medium at 25% with probability of 50%, the resultant cost of the risk would be £19,000.

(iv) Leased Costs Exceed Expectations

The rental for the premises agreed between the District Valuer and the private developer shall be determined in accordance with the cost to build rental levels and is expected to result in rents of up to £128,000 per m<sup>2</sup>. These rental levels are based upon recently tendered developer projects in Lanarkshire, the estimates are therefore very realistic and the element of risk attributable to this will be low. This has been set at 5% with a probability of 10%. Therefore for the total project, for an annual rental of £160,800 the cost of this risk is set at £800 pa excluding vat.

(v) Construction estimates undervalued

This risk applies once again to the new build option. The estimated cost of building a new NHS funded health clinic is £2,226,000 excluding vat. The construction industry is buoyant at the present time and there is a greater likelihood of tenders being above cost estimates. The financial risk is therefore determined at a medium level. The contingency fund is set at 10% of the capital cost, with a probability of 50%. Consequently, the estimated cost of this risk is £111,300.

For the private developer option this risk is passed on to the landlord of the property.

(vi) Annual Rent/Contract Sum Reviews Exceed Expectations

For option F and G, new build projects funded by a private developer, a further financial risk will arise from an increase in the rental or contract re-assessment undertaken over the life of the project. The current index linked uplift of 3% could reach a maximum of 8% increasing the annual rental cost by an additional £8,000 pa and the contract cost by £14,800. The element of risk attributable to annual reviews is considered moderate and has been set at 20% with a probability factor of 25%.

The cost of this risk has therefore been set at £400 pa. For the leased option and £700 for the PFI option.

A private developer option does however present the opportunity to transfer a great number of risk elements of the project to the private sector who are required to obtain the support of financial backers, borrow the capital investment, secure a site, deal with any legal constraints relating to title, mineral rights etc. The developer assumes the risks associated with building design and construction, management of the project, fluctuations, over-run or unforeseen circumstances all of which however will ultimately add to the project cost that the client must bear.

(vii) PFI/PPP Project – Annual Contract sum exceeds expectations

For a PFI procurement route NHS Lanarkshire would select a provider following a comprehensive tendering and selection process. The annual contract cost would be established at the outset and fixed for the contract period. The risk arises from increased operational costs to the Contractor above the agreed inflation index uplift resulting in the potential for a reduction in the quality of service or disputes over costs elements. For an estimated annual contract sum of £295,000, excluding rates and utilities, the risk has been set at 10% with a probability of 30%, which equates to £8,900 pa.

**8.07** In summary the ranking of options in terms of financial risk indicates that the lowest risk option is Option B minimum upgrade to existing site. This is to be expected for a project solution that has the lowest amount of investment. The significant factor is the comparison of the financial risk on the two new build solutions which compares a single capital risk at the commencement of the project to an annual financial risk during the life of the facility.

**8.08 Summary of financial risks**

<b>Financial Risk</b>	<b>Option B</b>	<b>Option C</b>	<b>Option D</b>	<b>Option E</b>	<b>Option F</b>	<b>Option G</b>
<b>Upgrade Work estimates undervalued</b>	£16,500	£53,300	£32,600	£0	£0	£0
<b>New build estimates are undervalued</b>	£0	£0	£0	£111,300	£0	£0
<b>Site sales raise less than estimated</b>	£0	£0	£0	£19000	£19000	£19000
<b>New site costs higher than estimated</b>	£0	£0	£0	£29,700	£0	£29,700
<b>Rent review exceeds estimates</b>	£0	£0	£0	£0	£400	£700
<b>Lease costs higher than estimated</b>	£0	£0	£0	£0	£800	£8,900
<b>TOTAL capital</b>	<b>£16,500</b>	<b>£53,300</b>	<b>£32,600</b>	<b>£160,000</b>	<b>£20,200</b>	<b>£58,300</b>

revenue						
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### 8.09 Impact of Risk Upon EACs.

The ranking of options in financial terms illustrated in fig 7.1, indicated that the most beneficial financial option was the minimum upgrade where there was no requirement for site purchase and minimum capital investment. However this option cannot satisfy any of the objectives or the criteria for the project and is not recommended for further consideration. In terms of real benefit the options that continue to bear scrutiny are the proposal to extend the existing premises and the proposal for a new build. To enable the added risk of a major capital project to be assessed the cost of risk has been included into the Net Present Value (NPV) calculations with the resultant rankings shown in the table Fig 8.2 below:

	Option B	Option C	Option D	Option E	Option F	Option G
<b>EAC</b>	£66,000	£135,000	£135,000	£211,000	£299,000	£330,000
<b>RANK</b>	1	2	2	4	5	6
<b>EAC WITH RISK</b>	£67,000	£136,000	£137,000	£211,000	£300,000	£339,000
<b>RANK</b>	1	2	3	4	5	6

### 8.10 Non-financial risks

Financial risk analysis alone is insufficient to assess each option. There are in addition a number of non-financial risks relating to the services and facilities provided for patients and staff. These risks include the support of both the GPs and the Health Board, political influences and public perception of benefit. Loss of support from GPs can arise as patients find facilities inaccessible or inappropriate to their needs, staff or patients may be reluctant to relocate. In assessing these risks the Trust have given each risk a weighting which indicates their respective relative importance, i.e.;

- A weighting of 5 indicates the most important risk
- 3 indicates a medium importance risk
- 1 equates to a least important risk.

Each risk was scored in terms of the probability of that risk occurring within each option scenario. The resulting score is calculated as weighting times score the results of which are detailed in appendixF.

Level of support from GPs

All of the General Medical Practices have been fully consulted on the relocation of the premises to Mossend. The current project, which has been designed around the replacement of the existing facility, has been discussed with and is supported by the LHCC for Motherwell.

### 8.11 Summary of Risk Assessment

<b>RISK</b>	<b>RISK MANAGEMENT STRATEGY</b>	<b>CONSEQUENCES OF FAILURE</b>
Failure to secure the site	Availability confirmed by local authority. Site survey confirms suitability for construction.	Delay to project whilst new site is found. Cost implications if site surveys and report are not thorough.
Failure to secure planning consent	Discussions with local authority confirmed planning support for project	Significant delay to project whilst appeal to Secretary of State is made or alternative site found.
Development timescale not met	Realistic timescale to be developed in agreement with users and project sponsors.	Additional property costs incurred and opportunity costs lost.
Upgrading works underestimated	Detailed structural and property surveys undertaken by Cost Consultants to determine full extent of works.	Additional costs incurred. Project delayed whilst funding is secured, impact upon succeeding years capital programme.
New build costs exceed budget	Prepare detailed design and bills of quantities to exclude unknown factors.	Additional costs incurred. Project delayed whilst funds are secured, impact upon succeeding years capital programme.
Income from disposals less than estimated	Marketing Agents and District Valuer to prepare report prior to disposal.	Will have an effect upon the Trust's future capital programme.
Purchase price of site greater than estimated	Conclude negotiations with Scottish Enterprise prior to commitment to contract.	Alternative site may have to be found. Delay to project timescale.
Rent reviews exceed cost of inflation	Lease contract to be inclusive of rent review for life of project.	Increased revenue costs to the Trust in future years will impact upon budget planning.
Leased costs exceed expectations	Confirmation from private developers at selection stage on agreed rentals.	Delay to project commissioning whilst additional funds secured

**8.12** In summary the ranking of options in terms of financial risk indicates that the lowest risk option is Option B, minimum upgrade to existing site. This is to be expected for a project solution that has the lowest amount of investment. The significant factor is the comparison of the financial risk on the NHS new build solution and the two private sector solutions.

## 9 PREFERRED METHOD OF FUNDING

**9.01** The Option appraisal has identified Option E as the preferred Option. In addition an economic appraisal has been made of the potential methods of funding this Option. These are: -

- Capital funding
- The use of Private Finance to provide the building and lease it back to the Trust over a 25 year period
- The use of Private Finance to design, fund, build and operate the new facilities

The economic appraisal as presented in Figure 8.2 shows that for the preferred new build options, the most economical method of funding over the lifetime of the facility is the public funding method. This gives an Equivalent Annual Cost (EAC) of £211,000 compared to EACs of £299,000 and £330,000 for the Developer funded and PPP/PFI funding routes respectively. The EAC rankings are the same after taking account of the financial risk factors that it is possible to quantify at present. Therefore the preferred funding route for this project is Capital funding commencing in the current financial year.

**9.02** The Trust has made initial enquiries in the private sector to determine interest in this scheme. From the analysis of the responses received, it is feasible that this project could be attractive to the market either as a full PPP/PFI or as a Developer Funded procurement.

**9.03** In assessing the PPP/PFI potential of this project, the following factors have been examined

- Strategy

The service strategy underpinning the project is clear and has been agreed with all stakeholders both internal and external to the Trust. The new facility is needed now to replace facilities that are no longer fit for purpose in meeting the needs of a modern healthcare system that requires modern facilities that are locally accessible. The Centre will be required for at least the 25 years of a proposed private finance contract. Benefits are likely to be forthcoming in working in partnership with the private sector such as improved quality of building fabric, improved lifetime maintenance the building and risk transfer from the public to the private sector.

- Content of Project

The service required can be clearly defined in the form of an output specification, is of a kind that has previously been attractive to the private sector and may offer scope for private sector innovation and cost saving.

- Risk

A Risk Transfer Matrix has been prepared for a private finance funding route under two scenarios, namely, a PFI involving design, build, fund and operate and a Developer funded route whereby a developer finances and builds the PCRC and leases it back to NHS Lanarkshire. It can be seen from the matrices at Appendices F and G that there is scope to transfer significant risk under both scenarios.

In preparing the Equivalent Annual Cost comparisons it has not been possible to put a financial value on all elements of the potential risk transfer. If private finance is seen as the way forward with this scheme, a more detailed risk transfer calculation will be undertaken as part of the Public Sector Comparator for the Full Business Case.

It is likely that the Primary Care Resource Centre will be required for at least the term of a proposed 25 year contract. The building will be in the centre of Bellshill, and therefore accessible to the local population, and the facilities will continue to have an ongoing use for healthcare purposes after the initial period of the contract.

- Timescales

The proposed term of the lease or contract with the private sector is 25 years.

The target date for the new Centre to become operational under a private finance arrangement is 27 months from the date of approval. With public funding this timescale could be reduced by up to 15 months thus allowing the benefits of the new facilities to be available to the public at the earliest opportunity.

- Project Management Arrangements

NHS Lanarkshire has identified an in-house team with the skills and enthusiasm to take this project forward as a private finance scheme should public funding not be available. In addition, the Trust will employ external legal, financial and technical advisers only where this is necessary to provide expertise that is not available in-house. During the procurement process all stakeholders will be kept fully involved in the project until its completion.

**9.04** In conclusion, capital funding commencing this financial year is requested, as this would appear to offer a lower cost over the lifetime of the facility and would enable the much needed new premises to be available up to 15 months earlier than under a private finance funding route

## **10.0 SUMMARY**

**10.01** The existing operational arrangements that are in place for the delivery of community healthcare to the population of Bellshill are being restricted due to the lack of accommodation and the facilities within the present site of Bellshill Clinic. The building is of a considerable age and has an existing layout and design that limits the scope for development, therefore it is no longer suited to meeting modern standards and needs for healthcare provision within its present form.

**10.02** Significant investment is required in order to improve the quality and effectiveness of the service delivery. This may take the form of either upgrading of existing premises or of a new build option on an alternative site. When giving consideration to the outcomes of the ranking exercise the beneficial, financial cost of the minimum option is difficult to support due to the lack of any real clinical benefit. A substantial capital investment is therefore required if the objectives of the Trust in the provision of high quality accessible services are to be achieved. The new build option is therefore seen to be financially more beneficial than the extension to the building and is recommended for further consideration.

**10.03** A range of options have been considered which are necessary to meet service delivery standards. Detailed analysis has been undertaken to assess these options and to decide which option should take forward to ensure the interests of all groups involved are satisfied. As the do nothing option would leave the trust vulnerable with the building eventually failing to meet even minimum statutory criteria, this option is not considered further.

The options which have been considered are:-

- Option B : A minimum upgrade to the existing Bellshill Clinic.
- Option C : Upgrade existing Bellshill site to include leasing of first floor.
- Option D: Upgrade existing Bellshill site to include extending the rear of the building .
- Option E : New build - centrally funded
- Option F : New build - Developer Led
- Option G : New build - PFI

#### **10.04 Option B**

Option B offers no scope for the development of the service needed to satisfy the Trusts strategy towards patients in the community. This option only provides a solution to the physical deterioration of the fabric and certain aesthetics problems within the existing building, it can be shown within the benefits analysis carried out that the additional benefits regarding this option are minimal. The Trust considered that although this was the lowest cost option and achieved the overall lowest rank the disadvantages of carrying this option forward outweigh the cost factor.

#### **10.05 Option C**

Option C offers scope for the development of the existing site through the provision of additional accommodation leased from the owners of the first floor of the building. This option was ranked fourth overall, differing from Option D in the area of functional suitability and environment which was mainly due to room sizes being slightly bigger within Option D. In addition consideration had to be given to the difficult position of the new stairways that would be required and a further consideration will be the requirement to undertake substantial structural alterations including the provision of a lift, to premises not owned by the Trust.

#### **10.06 Option D**

As with Option C this option would provide the additional accommodation required. The Trust would however own the extended premises whereas in Option C having invested the capital, it would be rented from the present occupier of the upper floor. Again as with Option C this development would result in something of a compromise with respect to functional suitability and room layout but presents a solution that results in an EAC that is comparable to a new build project.

#### **10.07 Option E**

Option E is an all new build option on the site at Mossend, currently owned by North Lanarkshire Council.

The EACs of the NHS funded proposed schemes increase naturally in line with the level of capital investment. In terms of value for money however, option E with significant benefits in quality, standards and compliance with requirements for functional use and provision of space, has a marginally higher EAC over the life of the project.

Whilst the financial risks associated with option E are greater due to the requirement to purchase a site, the size of the capital investment and the uncertainty of the income from the sale of the current clinic, the outcome of the EAC rankings is unaffected with the cost for the new build option increasing only marginally.

## **10.08 Option F. Developer Led Leased Option**

Option F is also an all new build option on the site at Mossend, currently owned by North Lanarkshire Council but which would be purchased by a private developer. This cost, as with the centrally funded new build option, attracts the major benefits of quality, improved standards and compliance with requirements for functional use and provision of space. Whilst it is recognized that this new build solution will fully satisfy the objectives of NHS Lanarkshire in improving the standard of health care to the community of Bellshill, when consideration is given to the Equivalent Annual Cost, this option is more expensive than a publicly funded option.

## **10.09 Option G – PFI Solution**

The final option which has been considered is a full PFI solution. Discussions have taken place with prospective Private Sector partners which have not confirmed a strong interest in this procurement route because of the fairly modest size of the development and the minimum operational services required. This option which has also been fully costed, has a significantly higher EAC over the life of the project.

## **11.0 CONCLUSIONS AND RECOMMENDATIONS**

The option appraisal was initiated as result of the Estatecode property survey which highlighted the deficiencies with respect to Functional Suitability and Space Utilisation. The exercise carried out to date highlighted the benefits to be gained from replacing this facility and the need to address the deficiencies with the existing building. As a result the replacement of Bellshill Clinic was included in the 5 year capital programme and has been identified as a high priority.

In summary the ranking of options in terms of financial risk indicates that the lowest risk, lowest cost options are applicable to the upgrading solutions where there is no requirement for site purchase and there is lower capital investment. However, the clinical and operational benefits of these options remain substantially lower than the new build solution which has a marginally higher EAC. After adjusting the Net Present Value calculations for the capital and revenue costs to incorporate the financial risk factors outlined above, the NPV and EAC rankings remain unaffected. The ranking of the options remains the same.

It is therefore recommended that NHS Lanarkshire approve capital of £3,039,000 And additional revenue costs of £216,000 to enable a new build solution to commence as soon as practicable.