

NHS Lanarkshire

Airdrie Resource Centre - Outline Business Case

1. Introduction

It is proposed to replace the facilities at Airdrie Health Centre and Adam Avenue Clinic, along with premises of several GPs not located in the Health Centre or Clinic, in a new facility that is fit for purpose, appropriate in size and promotes joint working both within the extended healthcare team and with colleagues in Social Work. The preferred option, delivering best value for money and achieving the greatest benefits, is a capital funded new build on a town centre site in Airdrie.

2. Capital and Revenue

Estimated capital costs of **£22,968,000** (based on second quarter 2006) include external and known abnormal site costs, VAT, professional fees, site purchase, equipment and the cost of specialist IT/telecommunication services. The full capital cost, recognising inflation over the development period is likely to be in the region of £24.5m and this is the amount built into the capital plan.

Revenue costs for the new build project are £1,617,000 p.a. and are consistent with the financial modelling undertaken for Picture of Health. The existing revenue budgets for the facilities at Airdrie Health Centre and Adam Avenue Clinic total £386,000. During the Full Business Case preparation, the level of releasable budget will be firmed up and further detailed analysis of the additional revenue costs will be undertaken.

Leased and PPP / PFI options have been explored, however, the analysis has demonstrated that these options do not deliver best value for money and it is proposed that a capital solution is approved.

3. Outstanding Issues

Discussions with the proposed developer and with North Lanarkshire Council have identified that car parking availability within the town centre environs is at a premium and additional car parking requires to be provided to support the introduction of this scheme. Planning approval will not be granted if additional parking is not addressed.

This OBC includes a contingency of £250,000 to contribute towards the cost of providing additional car parking. The developer estimates that the cost of providing suitable car parking could be as much as £3m. This level of expenditure is unlikely to be considered value for money by the District Valuer and would seriously compromise the affordability of the business case. Both NLC and the developer are aware of NHS Lanarkshire's position on this and are working to consider other options. This must be resolved by the time of Full Business Case.

4. Recommendation

Board members are asked to approve this Outline Business Case subject to a satisfactory conclusion being reached on car parking before the Final Business Case.

**Susan Goldsmith
Director of Finance
18 October 2006**