



CYFARFOD BWRDD PRIFYSGOL IECHYD UNIVERSITY HEALTH BOARD MEETING

DYDDIAD Y CYFARFOD: DATE OF MEETING:	26 May 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Proposed Cross Hands Health and Wellbeing Centre - Outline Business Case
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Lee Davies, Executive Director of Strategic Development and Operational Planning - Project Senior Responsible Officer (SRO).
SWYDDOG ADRODD: REPORTING OFFICER:	Rhian Matthews, Integrated System Director, Carmarthenshire - Project Director. Prepared by Siân Morgan, Planning Project Manager

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

In November 2019, Hywel Dda University Health Board (HDdUHB) approved the submission of an Outline Business Case (OBC) to Welsh Government (WG) for the development of a Health and Wellbeing Centre in Cross Hands. The initial OBC submitted to WG was approved by Chair's Action and is captured in the report of the Chair dated 28th November 2019. The Chair's Action was subsequently ratified by the Board at the aforementioned meeting. Following OBC submission, scrutiny comments were received from WG in January 2020 which specifically requested a review of the predicted revenue costs associated with the scheme.

Remobilisation of the development commenced in Spring 2021, with WG recommending that along with their original feedback, the OBC should also be refreshed to ensure that – in light of the COVID-19 pandemic – our plans remained fit for purpose and that the development is aligned to the All Wales NHS Decarbonisation Strategy. Over the last 10 months, the Project Group have, therefore, re-engaged with stakeholders and reviewed the business case.

This report provides the Health Board (HB) with an update on key changes to the OBC since the original submission. It requests approval from the Board to resubmit the OBC to WG at the end of May 2022. The business case will also be submitted to the Capital Sub-Committee (CSC) on 24th May 2022 for review. The Executive Team has been provided with information contained in this report and the Strategic Development and Operational Delivery Committee (SDODC) at its April 2022 meeting was provided with an overview of the OBC.

If approved, the OBC for the Cross Hands Health and Wellbeing Centre will be the first presented to WG since the submission of our Programme Business Case (PBC) to deliver 'A Healthier Mid and West Wales: Our Future Generations Living Well' (AHMWW) in January 2022.

Cefndir / Background

The Board will already be aware that the proposal to develop a Health and Wellbeing Centre at Cross Hands is a key proposal in delivering our Health and Care Strategy 'A Healthier Mid and

West Wales: Our Future Generations Living Well (AHMWW). The project aims to provide a sustainable solution for the continued provision of primary care and community services, and thereby positively impact on the Health and Wellbeing of present and future generations living in and around the Amman Gwendraeth area.

Asesiad / Assessment

The OBC has followed WG Infrastructure Investment guidance and is based on the five-case business model and includes the following:

- Strategic Case
- Economic Case
- Management Case
- Commercial Case
- Financial Case

The key changes to the OBC from the previous submission are called out under the different elements of the five case model. The OBC and the Appendices are attached to this report.

Strategic Case

The development of a Health and Wellbeing Centre at Cross Hands will bring together the two local GP practices, Tumble and Penygroes. In partnership with Carmarthenshire County Council, the third sector and wider public sector bodies, will be co-located with other primary and community health, social care services and community / voluntary groups to form part of the integrated service network in the Amman Gwendraeth Locality.

The existing arrangements result in significant problems that mean continuing with business as usual is not an option. The main problems with current arrangements are the poor condition and restricted capacity of existing premises which:

- Create challenges delivering quality and safe services and complying with current standards;
- Provide limited opportunities to address the significant challenges related to the sustainability of the workforce, in particular, those faced by the two GP practices in relation to GMS sustainability in the area;
- Do not support the delivery of our long-term strategy.

The project aims to address these business needs by developing a health and wellbeing centre which incorporates service areas outlined in the scope options outlined below. Following the remobilisation of the project and considering the alignment to the overarching PBC, the only notable change to the scope of services is the removal of Ophthalmology Services and inclusion of the new Integrated Early Years Centre.

Core clinical services (Scope A)	Supplementary services (Scope B)	Other services (Scope C)
GMS Services <ul style="list-style-type: none"> • GMS Tumble • GMS Penygroes Community Health Services <ul style="list-style-type: none"> • Specialist Care Chronic Conditions • Midwives, Health Visitors, Community Nursing 	Integrated Early Years Centre <ul style="list-style-type: none"> • Community-based service to families for children aged 0-12 Audiology <ul style="list-style-type: none"> • Audiology, Adult and Paediatric Community. Community Pharmacy	Police <ul style="list-style-type: none"> • Police (capital funding available) Carmarthenshire County Council <ul style="list-style-type: none"> • Community resource centre/Library (fitting and

<p>Teams, Community Children's Nursing</p> <ul style="list-style-type: none"> • Therapies: Physio, OT, SALT and Dietetics • Podiatry • Mental Health • CRT Duty Team <p>Universities</p> <ul style="list-style-type: none"> • Undergraduate and postgraduate placements 	<ul style="list-style-type: none"> • Wide range of enhanced services <p>Other space</p> <ul style="list-style-type: none"> • Social Community Care shared space (community run events) • Third Sector shared space • Research and Innovation • Social Prescribing 	<p>equipping capital funding available)</p> <ul style="list-style-type: none"> • Café / refreshment area
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Digital: technological innovation continues to move at an incredible pace and our business case needs to be ambitious to reflect this and to take advantage of the opportunities it offers.

We want to establish a Hywel Dda Digital Ecosystem comprising Digital Home, Digital Ward, Digital Hospital and Digital Community, alongside partners including (but not limited to) local authorities, Dyfed Powys police, private sector industry, academia, and third sector organisations. Ensuring digital inclusion for our communities will be an important factor to maximise benefits for healthcare; however, we also recognise that digital provision will not be appropriate for a proportion of our population.

Environmental: The design of the building now includes a range of low/zero carbon technologies, which demonstrates the Health Board's commitment towards achieving net zero carbon by 2030, in line with Welsh Government aspirations and the NHS Wales Decarbonisation Strategy. Measures include the use of high building insulation values, enhanced air tightness standards, an extensive photovoltaic array, air source heat pumps, extensive provision for electric vehicle charging and battery storage for surplus energy generated by the photo voltaic (PV) panels. A sustainable design philosophy will focus on reducing consumption of non-renewable resources, minimising waste, and creating a healthy and stimulating environment for building occupants.

As outlined in the AHMWW PBC, the design will seek to align with Welsh Government's Net Zero Carbon agenda and encompass biophilic design principles, considering factors such as access to daylight, views and fresh air, as well as issues such as landscape characteristics and the social, historical and cultural relations to the local community.

Key changes

- Strategic context aligned to the Programme Business Case
- Change in scope in relation to Ophthalmology and Integrated Early Years Centre
- Change in design to incorporate All Wales NHS Decarbonisation Strategy 2021

Economic Case

A longlist of options to deliver the project was developed, using the options framework. A robust evaluation of the resulting longlist was undertaken, which assessed how well options meet spending objectives and critical success factors. This resulted in a shortlist of four options for the delivery of the project as outlined:

Shortlist of options	
Option 0 Business as Usual	Continue with existing arrangements.
Option 1 Do Minimum	Create new build health and wellbeing centre to accommodate and enable integrated ways of working for Scope A (core clinical services) in the initial phase which will be funded by traditional capital.
Option 2 Less Ambitious	Create new build health and wellbeing centre to accommodate and enable integrated ways of working for Scope A (core clinical services) and Scope B (supplementary services) in the initial phase which will be funded by traditional capital.
Option 3 Preferred Way Forward	Create new build fully integrated health and wellbeing centre to accommodate Scope A (core clinical services), Scope B (supplementary services) and Scope C (other services) in a single phase. Delivery of Scope A and B funded by traditional capital and Scope C from alternative funding sources.

A detailed evaluation of the shortlisted options was undertaken and analysed. The results of the analysis suggest that:

- Option 3 represents the best value for money because it has the lowest Net Present Cost (NPC) and best Benefit Cost Ratio (BCR). This is because despite the increased capital investment required, it maximises benefits by having a fully integrated community hub and minimises risk by providing the capacity and resilience required to meet the needs of the local population. Our Local Authority representatives wholeheartedly recommended this option recognising the opportunities that developing locality resilience has on the wellbeing of the community.
- Option 2 would reduce the level of investment required while delivering a similar level of financial benefits. However, it results in the highest revenue costs of all options, does not maximise non-financial benefits and increases the risk value since without including all elements in the community hub it may be challenging to deliver the entire vision for the future of community care in Amman Gwendraeth.
- Option 1 reduces the level of investment even further as well as the revenue costs. However, since it only covers core clinical services, it increases the risk of being able to deliver the future vision and reduces the financial and non-financial benefits.
- Option 0 requires minimal investment but does not enable delivery of the future vision and so will not be possible to realise any benefits. It results in the highest expected risk value since it offers lowest level of capacity and resilience. It is therefore not considered a feasible option.

On the basis of this analysis, Option 3, which incorporates core clinical, supplementary and other services in a new build fully integrated health and wellbeing centre, is the preferred option. There have been no changes to the assessment of the preferred way forward since the original OBC submission.

Do nothing and do minimum scenarios do not comply with our Strategy and are therefore included for benchmarking purposes only and to comply with WG business case guidance.

Key changes

- No key changes to the narrative in this section
- Economic appraisal has been updated to reflect the updated capital and revenue costs

Commercial Case

This section of the business case considers the procurement process involved in delivering the preferred option for the Project. The delivery of the preferred solution requires:

Land acquisition

The Health Board has reached agreement with the Local Authority and the Joint Venture (JV) partner, on a subject to contract basis to purchase 3.127 acres of land at Cross Hands for the sum of £660,000 (plus VAT) for its proposed development of the Cross Hands Health & Wellbeing Centre. Upon approval of the OBC, a 10% deposit will be payable on exchange of contracts to the Authority, and remaining balance upon approval of the Full Business Case (FBC), in line with the agreed timelines for the project.

Supply chain partners and procurement of Specialist advisors

In Wales, projects of this value are covered under the Design for Life Building for Wales 4 Framework. Procurement has been undertaken for the design and build of a health and wellbeing centre at Cross Hands to accommodate Scope A, B and C based on the schedules of accommodation. The UHB has worked with specialist advisors and a supply chain partner from these Frameworks, they are:

- Health Board Project Manager – MACE: to fulfil the contractual obligations imposed by the chosen contracts
- Health Board Cost Advisor – Gleeds: providing independent cost advice to the Health Board and Project Manager
- Architectural design (including interior design and landscaping): - AHR Architects
- Mechanical and Electrical Engineering Design – Troup Bywaters + Anders
- Civil and Structural Engineering Design – Cambria
- Planning Consultants – The Urbanist
- The Supply Chain Partner appointed is – Willmott Dixon Ltd. They will provide contractor services as well as to lead the project's supply chain

Key changes

- No significant changes to this section

Financial Case

Delivery of the preferred option results in the following funding requirements:

Capital Costs

The original OBC was submitted with capital costs for the preferred way forward at £25.637m. The current capital costs are £37.242m, an increase of £11.605m (45.3%).

The key movement in capital costs between submissions can be broken down as follows:

	OBC 2019	OBC 2022	INCREASE	% INCREASE
	£m	£m	£m	
Works Cost	14.203	22.522	8.319	58.6%
Fees	2.372	3.456	1.084	45.7%
Non-Works	1.776	2.006	0.230	12.9%
Equipment	1.190	0.945	-0.245	-20.6%
Risk	1.954	2.330	0.376	19.2%

VAT	4.142	5.983	1.841	44.4%
Total	25.637	37.242	11.605	45.3%

The key drivers of the increase in capital costs can be attributed as follows:

ITEM	COST £m
Decarbonisation Improvements	1.673
Scope Changes	1.974
Market Conditions	2.399
Design Development	2.273
Total	8.319

In the period between the preparation of the OBC costs in 2019 and 2022, WG policy regarding decarbonisation of buildings has evolved and the UHB has been advised by WG to include these costs in the core OBC being resubmitted. The decarbonisation improvements can be summarised as follows:

ITEM	COST £m
Maximise PV capacity	0.158
PV Battery storage	0.381
Air Source Heat Pumps	0.818
EV Charging points	0.057
Additional Fabric Improvements	0.259
Total	1.673

The scope changes reflect the increased size of the building to accommodate the:

- Amendments of the scope to remove Ophthalmology and add the Integrated Early Years Centre
- Increase plant room space to accommodate plant for decarbonisation
- Interior design allowance
- Supply Chain Partner (SCP) fee associated with redesign

Market conditions over the past year have been extremely volatile, due to the impact of COVID-19 and more recently the war in Ukraine. This has resulted in a very high level of cost increases in many trades. This is particularly true of steel work and materials requesting high energy usage for manufacture and where availability has been impacted by the above issues.

The costs associated with general design development reflects the fact that the scheme design is at RIBA Stage 3 as opposed to the usual level of detail at OBC stage which is RIBA Stage 2. This has allowed more detailed costs estimates to be prepared with updated quotes obtained based on the latest design. Greater information is known on ground conditions with the need for gas venting now known. The construction programme has also increased from 78 weeks to 85 weeks, due to the design development issues which are currently known.

Revenue Costs

The annual revenue costs associated with the scheme is now cost neutral:

	CURRENT COSTS £m	OPTION 3 £m	VARIANCE £m
Premises	0.045	0.344	0.299
Digital	0	0.057	0.057
Clinical Equipment Maintenance	0	0.013	0.013
GMS	0.065	0.049	-0.016
Other – Rent	0.249	0	-0.249
Income	0	-0.105	-0.105
Total	0.358	0.358	0.000

The increase of premises running costs in Option 3 is negated by reduction of current rental cost of facilities in Eastgate in Llanelli, Parcyrun in Ammanford and other clinical areas as well as proposed income from our partners – Local Authority (Library and Early Years services), Pharmacy facilities, Police and Third Sector parties.

The additional annual depreciation costs associated with the scheme are £939,001.

The current assumption in the OBC, in line with current policy, is that the depreciation charge will be funded by Welsh Government.

The business case does not include any additional clinical staffing costs. This may need to be reviewed in the future and will have to be prioritised, as with any other development, through the Integrated Medium Term Plan (IMTP) process.

It should be noted that, whilst the OBC has been prepared and is being submitted for 100% NHS Capital funding, WG may view this scheme as being suitable for part funding from the new Health and Social Care Integration and Rebalancing Capital Fund.

Key Changes

- Significant increase in capital costs from previous OBC submission

Management Case

This section details the project management arrangements for the scheme, the engagement of stakeholders and the governance structure. It also details the project risks and benefits and how the organisation proposes to manage the risks identified and ensure that the benefits identified are realised. This section also provides information around the assurance framework and audit plan for the Project.

Key Changes

- Whilst this section of the OBC has been updated there are no significant changes to the content of this case

Other key points

Transport

Transport was identified as a key area of public concern during the consultation process

conducted in 2018 on the Transforming Clinical Services Programme, and at public drop-in engagement sessions for the Cross Hands Health and Wellbeing Centre in July 2019. As the project progresses to the next stage of development, further work will be required with the Transport Team to address these concerns.

Engagement and communication

A communications and engagement plan has been developed and will evolve with the project. 'Teulu Jones' will also be used in communication materials to help demonstrate to people what proposals could mean for them.

Equality Impact Assessment

An Equality Impact Assessment has been developed independently for the Cross Hands Health and Wellbeing Centre project.

Timelines

Milestone	Duration	Start date	Completion date
OBC update and internal governance	15 weeks	16/02/22	31/05/22
OBC submission to Welsh Government and approval	12 weeks	31/05/22	23/08/22
Planning update	21 weeks	08/12/21	26/05/22
FBC development and approvals	58 weeks	23/08/22	23/10/23
Reserved Matters Planning Application	18 weeks	30/11/22	21/04/23
Land Purchase	3 weeks	30/10/23	21/11/23
Construction to handover	79 weeks	27/11/23	14/07/25
Service commissioning	8 weeks	14/07/25	08/09/25
Facility operational		08/09/25	08/09/25

Argymhelliad / Recommendation

The Board is asked to:

- Note the refreshed Cross Hands Health and Wellbeing Centre Outline Business Case;
- Note the revised capital and revenue cost position for the development;
- Approve the Proposed Cross Hands Health and Wellbeing Centre Outline Business Case for submission to Welsh Government.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	All Health & Care Standards Apply

Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve Population Health through prevention and early intervention Support people to live active, happy and healthy lives Improve efficiency and quality of services through collaboration with people, communities and partners Develop a sustainable skilled workforce

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	The proposals align to extensive programmes of work undertaken to develop the Health Board's Transforming Clinical Services Programme and strategic ambitions, particularly those outlined in 'A Healthier Mid and West Wales; Our future generations living well', in terms of implementing a social model of health and delivering seamless health and care
Rhestr Termau: Glossary of Terms:	Included in the main body of the text
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Cross Hands Health & Wellbeing Centre Project Group Senior Responsible Owner Updates to Capital Sub Committee and Strategic Development and Operational Delivery Committee Update to Executive Team

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Ariannol: Financial / Service:	Integrated Impact Assessment included as mandatory requirement of the OBC and outlined within presentation.
Ansawdd / Gofal Claf: Quality / Patient Care:	As above
Gweithlu: Workforce:	GMS Sustainability key project objective Opportunities for work experience placements and volunteering Agile working benefits
Risg: Risk:	Funding capital and revenue Land acquisition Full risk register included within OBC Withdrawal of project partners
Cyfreithiol: Legal:	Project Partners lease agreements Legal advice in connection with land acquisition
Enw Da: Reputational:	Extensive public and stakeholder engagement undertaken.

	Outline planning consultation process commenced
Gyfrinachedd: Privacy:	Included as appendix to OBC to be submitted to Health Board in May 2022.
Cydraddoldeb: Equality:	Included as appendix to OBC to be submitted to Health Board in May 2022.