

Birmingham East and North Primary Care Trust

Richmond Primary Care Centre

Full Business Case for the development of a Primary Care
Centre to replace Stechford Health Centre

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1.0 Executive Summary

1.1 Introduction

Birmingham East and North Primary Care Trust has produced this Full Business Case for the redevelopment of the Stechford Health Centre and development of new services by the Birmingham and Solihull Local Improvement Finance Trust.

Many options regarding the site for the new health centre have been investigated in the past, which have not come to fruition, but BEN PCT has now purchased the site of the Richmond Public House on the corner of Richmond Road and Bordesley Green East where the new centre will be built.

A public consultation ballot with voting boxes placed in each practice and PCT Headquarters has decided the name of the new centre and the name chosen was Richmond Primary Care Centre.

1.2 Scope and Purpose

The purpose of this Business Case is to set out proposals for the provision of a new primary care facility to replace the existing Stechford Health Centre incorporating all the existing services, two practices in the existing building and two practices, Dr Brown and Dr Sanghera, who presently work from their own premises. The Business Case sets out:

- The national and local strategic context
- The benefits accruing to the local stakeholders from this project
- The commercial and contractual terms and conditions
- The value for money and financial impact of the project
- The Implementation Plan and project management arrangements

1.3 Birmingham & Solihull Local Improvement Finance Trust (“LIFTCo”)

The Birmingham and Solihull Local Improvement Finance Trust was formed in July 2004 as part of the national LIFT initiative. The LIFTCo in Birmingham is Birmingham & Solihull Solutions (BaSS Limited).

The primary objectives of the LIFT Project are:

- To increase capacity in primary care
- To provide additional services which are more accessible
- To physically integrate the work of different agencies
- To improve the working conditions of staff in primary care.

1.4 Richmond Primary Care Centre scheme

Replacing the existing health centre in Stechford with a much larger purpose built modern building will contribute to the PCT's four key goals:

- It will enable the PCT to be responsive to the population of Stechford and Yardley North, and South Yardley, so that no one waits for the health care they need by increasing capacity for primary care services in the area, in particular space for additional GPs, physiotherapy, podiatry and dental services.
- It will assist in extending the years of quality life our patients enjoy by providing facilities for chronic disease monitoring and clinics and additional screening facilities as well as improved access to a variety of health professionals.
- The new centre will provide facilities for group working and the local community to have greater access to services and information; they will also be consulted on aesthetics within the building, i.e. the feel of the building.
- The new building will improve staff morale by providing a better environment, space for teaching and a staff rest area.

The development will result in a new, purpose built Primary Care Centre, built within the centre of the catchment area for all four practices. It will be situated on the corner of Richmond Road and Bordesley Green East. The building, containing ground, first and second floor accommodation will support the modernisation of primary care facilities and improve patient access, within the following areas.

1. The premises will support the relocation of two GP practices presently based in the existing health centre, i.e. Drs Zaki, and Drs Watson and Attalla. In addition, Dr Brown in Fairway Surgery, and Dr Sanghera in Severn House Surgery - both single handed GPs will relocate from their existing premises. The total practice population for all four practices is presently approximately 13000 patients and the new building will include space for growth of patient population. The practices will bring their associated nursing and administrative functions with them into the new centre; although it should be noted that the building has been designed to be suitable for a single practice and the PCT will work with the occupants to ensure that the building operates in the most effective way.
2. It will act as a base for District Nurses, Health Visitors and Mental Health Workers who support the local area.
3. It will allow the introduction of new services into the area, including the extension of triage services and chronic disease management.
4. Specialist primary care services will also be based at the centre, including podiatry, physiotherapy, paediatric, and adult speech therapy. This will allow an extension of services, improved access and a reduction in waiting times.
5. Community dental services will be transferred from two separate premises locally into the new centre. This will enable the service to expand from two surgeries to three in the new centre thus providing increased capacity and improved access for patients.
6. The development has been designed with future flexibility in mind to flex with service redesign and the increase in capacity in primary care.

The PCT has undertaken a detailed consultation programme to ensure stakeholders and patients have had an opportunity to comment on the services that are intended to be provided at the new centre. Local patients and users of the new building have been part of the design team throughout the planning and design process.

This consultation has involved the following groups to seek their views and to advise them of the PCT's intentions. In particular this has included:

1. Regular User Group meetings including GPs, nurses, therapists and patients who have worked with the PCT and their professional partners to develop the design of the building
2. Plans of the proposed new building have been displayed in the existing health centre and both Fairway and Severn House Surgery together with information on the new building.
3. Leaflets have been available (updated regularly) at the existing centre to advise patients and staff on progress and provide contact details for queries.
4. Attendance by PCT officers at Yardley Constituency Healthier Communities Theme Group.
5. Two public consultation events have been held, one in the evening and one during the daytime at Cascades Leisure facility attended by practice representatives, PCT officers and professional partners.
6. A public ballot has been undertaken with voting boxes placed in each practice and Trust Headquarters to ask staff and patients to suggest a name for the new centre. This ballot took place during the month of August 2007, and the name of the Richmond Primary Care Centre was the most popular name suggested.
7. Four previous public consultation events have taken place in 2003 and 2005 with members of the public and staff being asked about what services should be included in the new Centre. All the comments received regarding services have been included in the new building with the exception of a café and pharmacy. These have not been included due to the lack of available space.
8. A postal vote was also undertaken in December 2004 with the patients registered with the relevant practices on their preferred site. At that time the Richmond was not available and the preferred site was adjacent to Cascades Leisure Centre.

1.5 Value for Money

Ensuring the project represents good value for money to the Primary Care Trust has been assured by:

- A rigorous and competitive procurement process in the period from July 2002 to July 2004 to select the private sector partner for the LIFT Company.
- A funding market test undertaken by the LIFTCo to ensure that the borrowing rates for the senior debt are at competitive rates.
- A competitive tendering process in respect of the construction costs for this specific project.
- An independent expert review and scrutiny of the costs proposed by LIFTCo for the Richmond project, including:
 - Construction costs
 - FM and Lifecycle costs
 - Partnering and LIFTCo administration cost
 - Fees and Expenses
 - Financing Structure and Funding Terms
- An independent assessment by the District Valuer of the capital costs of the project, the lease plus rental which will be payable by the tenants, and the residual value of the property at the end of the lease period
- Benchmarking the costs of the project with those established for the initial projects agreed with LIFTCo, in accordance with the terms of the Strategic Partnering Agreement.

1.6 Financial Impact

1.6.1 Affordability

The rental payable by the Primary Care Trust and the other tenants under the Lease Plus Agreement with LIFTCo will amount to £875,265 per year (based on the maximum guaranteed price). The business case requires a recurrent revenue investment of £263,000 (from 2010/11 onwards) above the funding previously approved. There will also be a requirement to non-recurrently fund the impairment (the mandatory writing down) of the existing site in 2007/08; this is calculated to be £218,000. Capital will be required of £507,000 mainly to cover the subordinate debt and equipping costs. The PCT will receive enabling funding from LIFT of £487,000 and also a land receipt of £775,000. The overall position on PCT's own capital will mean that once the land sale income has been received the PCT will have £755,000 to reinvest in other projects. The PCT has made provision for both the capital and revenue costs of this scheme in its financial plans.

1.6.2 Balance Sheet Treatment

The PCT Director of Finance has confirmed that the accounting treatment of the LPA is "off balance sheet". The Audit Commission concur with this view and their report is attached as **Appendix L**.

1.6.3 Land and Property

The existing Stechford Health Centre and the adjacent two houses are currently owned by Birmingham East and North PCT will be disposed of by the PCT at a price of £775,000. The final financial completion will take place by summer 2009 when the existing properties are vacated.

1.6.4 Equity Investments/Subordinate Debt

The PCT's contribution to subordinate debt will be £140,000.

1.7 Timetable and Project Management

The key milestones for the project are as follows:

- Financial Close January/February 2008
- Start of Construction March 2008
- End of Construction May 2009
- Commissioning of building June 2009
- Post Project Evaluation Commencing January 2010

The Business Case sets out:

- The project management arrangements necessary to ensure the successful delivery of the programme
- The Benefits Realisation Plan
- The arrangements for Risk Management and Post Project Evaluation proposed by the Primary Care Trust.

1.8 Approval

It has been confirmed by the Strategic Health Authority that the PCT does not require their approval as the costs of the scheme are within its delegated limits. **Appendix A**

2.1 Overview of section

This section will provide details and a background on the following items:

- The strategic context for the development of primary care services and the background to the national LIFT initiative;
- The Birmingham and Solihull Local Improvement Trust;
- The need to develop and improve primary care services in Stechford and Yardley North and South Yardley wards
- The benefits to be achieved by the new development;
- The involvement of all stakeholders and the local population in the design and development of the new centre.

2.2 Policy Framework

In July 2000 the government published the NHS Plan, which sets out an ambitious vision for a service designed around the patient and responsive to patient needs. The Plan presents significant challenges and opportunities for local health systems and particularly for primary care services. With 90% of patient contacts with the health care system occurring in general practice of NHS community based health premises, the development and modernisation of primary care services is a fundamental component of the NHS Plan.

Subsequently in January 2006, the Government published an updated plan aiming to enhance the transfer of services from the acute sector and to encourage their provision into the primary care sector. Titled 'Commissioning a Patient Led NHS' and 'Our Health, Our Care, Our Say – a new direction for Community Services'. The Department of Health have also, in July 2006, issued a Commissioning Framework Document which provides guidance for PCTs on moving services from acute hospitals into primary care. They have also issued various strategies on provision of care for patients with long term conditions, the main aim being to ensure that patients are treated in the right place at the right time, and as much as possible, near to the patient's own home.

For primary care the NHS Plan expects:

- Improved and expanded services, particularly in deprived areas
- Easier and quicker access
- Significantly improved chronic disease management
- Improved mental health services
- A greater focus on tackling health inequalities, together with other agencies

To achieve these ambitions the NHS Plan called for:

- 2,000 more GPs
- A share of 20,000 more nurses
- 3,000 GP premises significantly improved
- 500 "One-Stop Shops" being created
- Access to a primary care professional within 24 hours
- More screening programmes
- Developing smoking cessation services
- Much closer integration with social services
- Development of a range of services in line with National Service Frameworks.

Since the Plan was published other initiatives have given further impetus to reform. These include:

- Improving Working Lives, which complements the drive to recruit and retain sufficient numbers of appropriately trained and qualified staff to support new services and new ways of working.
- The new General Medical Services contract, which transforms the remuneration mechanisms for GPs. In future GP income will depend more on providing a wider range of services to a high standard and depend less on numbers of patients on GP lists.
- The NHS Local Improvement Finance Trust (LIFT) Initiative, which provides a mechanism for physical infrastructure improvements in primary and community care settings.
- Keeping the NHS Local, which places an obligation on NHS organisations to provide services, which improve accessibility, and to consult comprehensively on service change proposals.
- Commissioning a Patient-Led NHS and 'Our Health, Our Care, Our Say' a new direction for community services, which further supports the transfer of acute, based services into a community setting and integration with local community groups.
- Practice based commissioning; Papers have been published by the Department of Health on achieving universal coverage and practical implementation. Practice based commissioning places primary care professionals, working alongside secondary care clinicians, at the heart of decision making to commission services for their local population.

Locally, significant capital investment has been provided or is being sought in the acute sector, including PFI projects for major new hospital developments at the University Hospital Birmingham NHS Trust and the Sandwell and West Birmingham Hospitals Trust, and ambulatory care centres at Sandwell and West Birmingham NHS Trust and Good Hope NHS Trust. There are also a number of regeneration initiatives in Birmingham and Solihull.

In July 2002 the then-five PCTs in Birmingham and Solihull produced and approved a Strategic Service Development Plan ("SSDP") for primary care prior to commencing the procurement process to select a private sector partner and establish the Birmingham and Solihull Local Investment Finance Trust.

The PCT's SSDP draws together all the major local statutory organisations, recognising that investment in primary care infrastructure crosses many boundaries and agency specific agenda: improved health (e.g. Health Improvement Programmes), improved health services (Local Delivery Plans {"LDP"}), changes in employment practices of primary care professionals (e.g. New Deal), improved physical infrastructure (e.g. Neighbourhood Renewal), and economic investment (e.g. the East Birmingham and Solihull Urban regeneration Zone).

Eastern Birmingham PCT subsequently produced an updated SSDP in 2004 which is attached as **Appendix B**.

2.3 The Birmingham & Solihull Local Improvement Finance Trust ("LIFTCo")

The Birmingham and Solihull Local Improvement Finance Trust was formed in July 2004 as part of the national LIFT initiative, following a procurement process to select a private sector partner. It is a company limited by shares, which has been formed by the members (shareholders) who signed up to the Shareholders Agreement. The shareholdings in the Birmingham and Solihull Local Improvement Finance Trust are as follows:

Private Sector Partner (Prime)	}	60%
Community Health Partnerships (Department of Health)	}	20%
Birmingham East and North Primary Care Trust	}	
Heart of Birmingham Teaching Primary Care Trust	}	20%
South Birmingham Primary Care Trust	}	
Solihull Primary Care Trust	}	

The company has a Board of five Directors and an independent non-voting chairman appointed by the Directors. The composition of the Board is in proportion to the shareholdings, with three of the Directors nominated by Prime, one by partnerships for Health, and one by the Primary Care Trusts.

The activities of the company are regulated by the Shareholders Agreement and the Strategic Partnering Agreement, which the company have entered into with the Primary Care Trusts, Birmingham City Council and Solihull Metropolitan Borough Council.

Birmingham and Solihull Local Improvement Finance Trust will be the main vehicle for delivering improved facilities, which will be necessary to support the development of modern, integrated primary health care services.

The primary objectives of the LIFT Project are:

- To increase capacity in primary care
- To provide additional services which are more accessible
- To physically integrate the work of different agencies
- To improve the working conditions of staff in primary care.

2.4 The Case for Change

2.4.1 Current Primary Care Services

Primary Care is the name given to the first point of contact that individuals, the family and the community have with the NHS. Primary Care Trusts (PCTs) commission and provide services such as GPs, dentists, opticians and pharmacists. Most nursing care and community services such as podiatry, physiotherapy etc. in the community are provided by the PCT.

PCTs exist to improve the health of the local population and are also responsible for commissioning services from hospitals, GPs the voluntary sector and others.

Birmingham East and North (BEN) PCT was formed on 1st October 2006, following the amalgamation of the previous Eastern Birmingham PCT and North Birmingham PCT. It provides primary care, intermediate care and community services on behalf of 437,500 people living in Britain's second city and serves a diverse and vibrant community that includes some of the most deprived wards in the country.

The PCT covers 15 wards on the North and Eastern half of Birmingham including:

- Acocks Green
- Bordesley Green
- Erdington
- Hodge Hill
- Kingstanding and Oscott
- Shard End
- Sheldon
- Stechford and Yardley North
- Stockland Green
- Sutton Four Oaks
- Sutton Trinity
- Sutton Vesey
- Tyburn
- Washwood Heath
- South Yardley

Birmingham East and North PCT also provides a range of local health services including community nursing, intermediate care, palliative care, physiotherapy and other therapy services, and urgent care. 90% of local NHS contacts on any given day will be with services provided by BEN PCT or its contractors i.e. GPs, pharmacists.

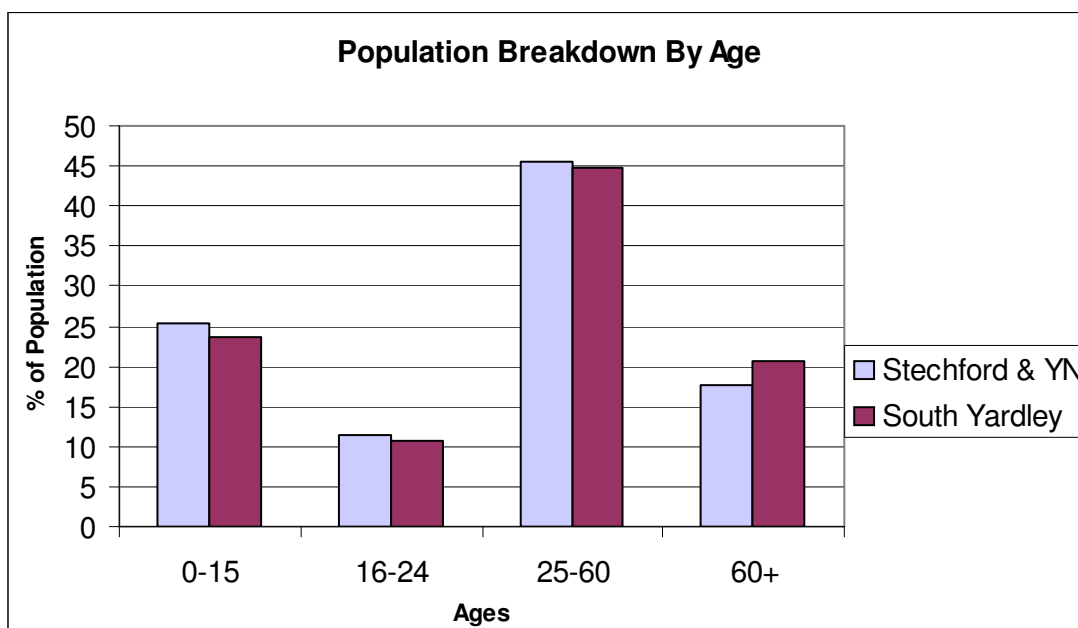
The three acute hospital NHS Trusts used most by people from Birmingham East and North PCT are: Heart of Birmingham Foundation Trust which includes Heartlands, Solihull and Good Hope Hospital, Sandwell and West Birmingham and University Hospital NHS Trust.

Birmingham East and North Primary Care Trust is responsible for overseeing the provision of primary care services to a resident population of 437,500 within the north and east Birmingham area. It employs approximately 1700 staff, in mainly clinical roles as district nurses, health visitors, school nurses and also employs its own podiatrists, physiotherapists and occupational therapists. In addition the PCT has a number of clinical staff in specialist roles relating to rehabilitation. The PCT is responsible for providing community services to its registrant population as well providing a total of 70 intermediate care beds at Sutton Cottage Hospital, Berwood Court, Grange Road and Hafod Nursing Home.

Yardley North and South Yardley wards are located in east Birmingham and lie within Yardley constituency, together with Sheldon and Acocks Green wards. In addition Richmond is recognised as a 'natural neighbourhood' by Birmingham City Council in their Constituency Community Plan 2006-2010 for Yardley.

The population of Stechford and Yardley North Ward is 24,801 and South Yardley as 27,620 is assessed in the 2001 Census. The wards are situated in the south east of the city and have similar age profiles and percentage of ethnic minority residents to that of the Birmingham City average. Unemployment is just below the city average. Stechford ward is the fourth most densely populated ward in BENPCT with 51.98 persons per hectare and South Yardley the seventh with 39.29. The average for Birmingham City is 36.49 persons per hectare.

The age of the population of both wards is very similar with the majority (over 45%) between 25 and 60. Children under school leaving age represent over 20% of the ward populations while persons of retirement age account for a further 17 to 20%. The population of both wards have a larger proportion of children and teenagers and people over retirement age compared with Birmingham as a whole.



The majority of the population in the wards are white British, over 87% in Stechford and 64% in South Yardley. The highest ethnic group in both the wards is Asian Pakistani of which there are 13% in South Yardley.

Compared with Birmingham as a whole both Stechford and Yardley North and South Yardley wards have a higher proportion of its population who are economically active, the unemployment rate is 8.6% in Stechford and 9.9% in South Yardley. However over a quarter of households in each ward are lone parent households (28.3% in Stechford and 26.4% in South Yardley)

Most of the differences in mortality and life expectancy are associated with deprivation, which is often measured by the Index of Multiple Deprivation (IMD). IMD scores are based on the idea that deprivation is made up of seven separate dimensions or 'domains'. These are:

- Income deprivation
- Employment deprivation
- Health deprivation and disability
- Education Training and skills deprivation
- Barriers to housing and services
- Living environment deprivation
- Crime

The table below shows that Yardley ward (which is now Stechford and Yardley North and part of South Yardley) ranks 6th most deprived ward within Birmingham East and North PCT according to the Index of Multiple Deprivation and child poverty.

Table 3: IMD and Child Poverty Scores for Birmingham East and North PCT Wards

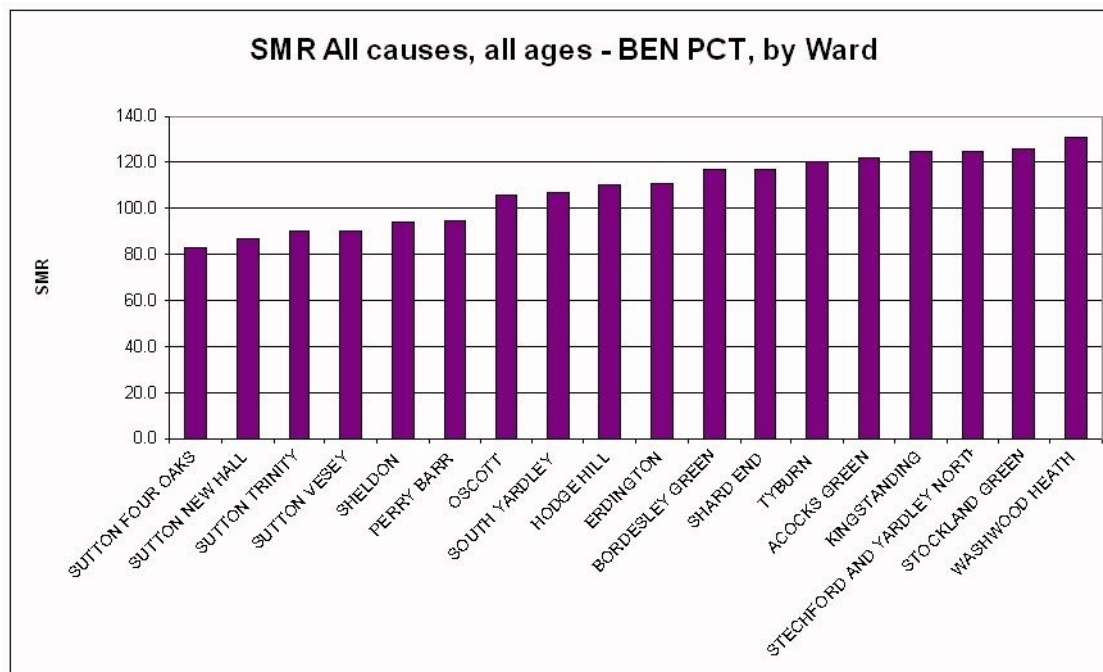
Ward Name	PCT	Index of Multiple Deprivation Score	Child Poverty
Washwood Heath	Eastern	64.11	69.75
Shard End	Eastern	56.36	57.98
Kingstanding	North	54.24	60.12
Kingsbury	Eastern	44.00	53.99
Stockland Green	Eastern	43.77	50.43
Yardley	Eastern	41.47	44.09
Hodge Hill	Eastern	39.32	47.39
Acocks Green	Eastern	39.22	43.14
Erdington	Eastern	34.80	44.05
Oscott	North	29.60	33.66
Sheldon	Eastern	28.21	37.47
Perry Barr	North	18.88	23.11
Sutton New Hall	North	14.09	18.55
Sutton Vesey	North	9.38	12.43
Sutton Four Oaks	North	8.18	11.10

Source: English Indices of Deprivation 2004

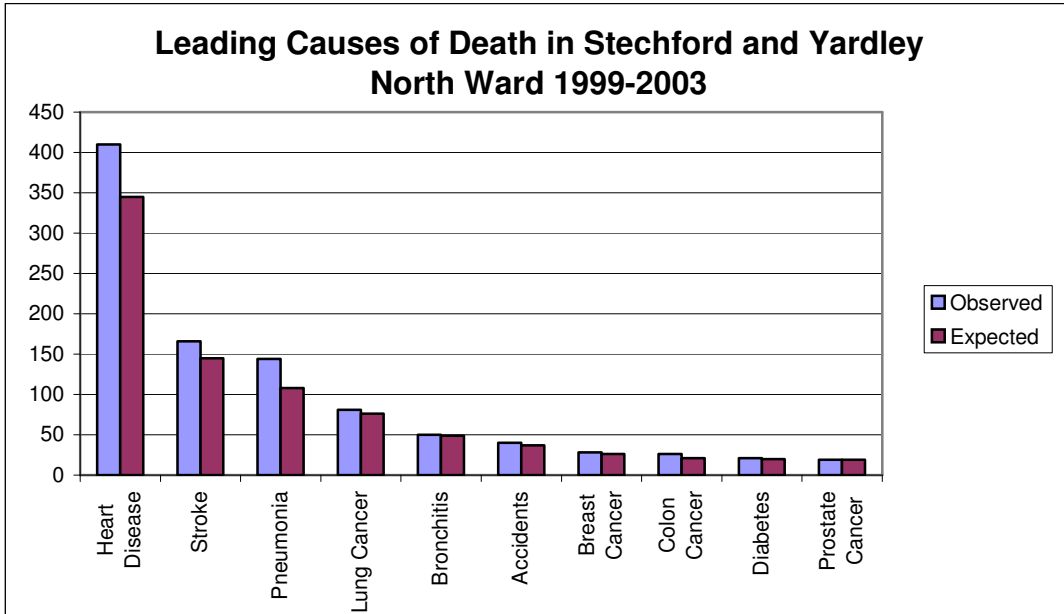
2.4.2 Health Needs

During the period 1999 to 2003 the average life expectancy at birth for persons living in Stechford & Yardley North was estimated to be 75.9 years, 5 fewer years than someone living in Sutton New Hall ward (LEX = 81.2 years).

The ward had higher numbers of deaths than would have been expected from Birmingham mortality rates across most age groups resulting in a total age standardised mortality ration (SMR) 10% higher than that of Birmingham and the third highest across all the wards in BEN PCT.



Between 1999 and 2003 deaths in Stechford and Yardley North Ward averaged 322 deaths per year. Over four fifths of these deaths occurred at age 65 and above, while deaths below age 25 were relatively rare.



The ten leading causes of death listed in the chart accounted for over 60% of all deaths in Stechford and Yardley North ward populations. 36% of all ward deaths were due to diseases of the circulatory system (heart disease and stroke) while four types of cancer listed (lung, breast, colon and prostate) accounted for a further 10%. Compared with Birmingham, the wards SMRs were particularly high for pneumonia and cancer of the colon.

The proportion of people in Stechford and Yardley North Ward reporting themselves as being restricted by limiting long-term illness rises markedly with age, ranging from 6% in the 0-15 age group to 76% for those aged 85+

Overall more than one in five of the ward population are restricted by limiting long-term illness, with women reporting a higher aggregate rate than men.

Stechford and Yardley North’s limiting illness rates are higher than the corresponding Yardley district and Birmingham rates across most age groups, resulting in a standardised all age rate for the ward, which is 4% higher than the city rate, and also 4% higher than the rate for the district.

General fertility rates in Stechford and Yardley North ward are slightly lower than the rate for Birmingham (63 births per year per 1000 women 15-44) more than one in ten were of low birth weight. Over half of all births occurred outside marriage but most of these births were recorded by both the mother and father.

From the information illustrated above it is clear that the Stechford and Yardley North ward emerges as one which needs improvement in health services and facilities.

Stechford and Yardley North lies approximately three miles east of Birmingham City Centre and is bordered by Bordesley Green East, a main arterial road into the city. There has been little investment in the area over recent years, apart from the provision of a retail park in the late 1990s on the site of a manufacturing company. The population is stable, with the majority being white British (87%) with only 9% of the population born outside the UK and a high number of people of retirement age and over. Although Stechford Health Centre is not in the ward it is on the border and is the focal point for community health services in the area. It was built in the 1960’s and has long outgrown its original accommodation.

The difference in life expectancy between Stechford and Yardley North ward and other wards in the PCT is 5 years less than someone living in Sutton New Hall) and indicates that greater investment needs to be undertaken to address these inequalities. The high numbers of patients with life limiting illnesses means that better access is required to a wide range of services, particularly those which can be provided in a primary care setting. The high rate of deaths from circulatory diseases and cancer may be able to be reduced with space being provided for clinics to treat patients with chronic illnesses in the new centre. It is estimated that one in five residents in Stechford and Yardley North die before the age of 65, higher than the corresponding proportions for both the Yardley Constituency and the City of Birmingham.

2.4.3 Access to Services

PCT strategy is to:

- Build Primary Care Centres to serve populations of around 15000
- Provide access to community services if possible in one building
- Increase access to General Practitioners
- Reduce waiting times for podiatry, physiotherapy and adult speech therapy
- Extend facilities for physiotherapy, particularly linking to Chronic Disease Management, and musculo-skeletal services
- Provide pain management and orthopaedic triage services
- Provide office and clinic facilities in a number of premises across the whole PCT patch for nursing staff and other primary care-based staff such as health care workers.

Service Availability

Service availability has been measured by assessing waiting list times and access to the different services that will be provided by the new Primary Care Centre.

- General Practice

There are capacity issues with all four practices that will move into the new centre, as their practice accommodation does not allow for any expansion of lists or of services. The new building will provide fit for purpose accommodation with additional space for each practice. This will allow them to increase the number of clinicians practicing at any one time and thus increase the number of patients being treated and the number of services provided.

Detailed floor layouts showing the location of individual service rooms and departments in the new centre are contained in **Appendix D**. Scheme elevation drawings are also contained in this appendix.

2.4.4 The Existing Estate

- *Existing Health Centre*

The existing Stechford Health Centre is a two storey building located on Stoney Lane in Stechford, Yardley North ward within the Yardley Constituency in Birmingham. In addition to the main building there is a small extension to the rear which serves as clinical space for the district nurses and an adjacent old port cabin which houses the health visitor baby clinics. The main building was originally built in the 1960s and although some work has been undertaken on the building in recent times, major investment would be required if the building were to remain, but would still not comply with present day legislation in respect of Disability Discrimination Act or infection control issues.

In addition there is insufficient parking at the centre with access to the car park through a housing estate which causes nuisance to the local residents. Two adjacent houses were purchased by the then Eastern Birmingham PCT in 2003 to enable the centre to be rebuilt on the existing site but opposition to this by local residents resulted in the PCT seeking an alternative site. The existing parking area is also restricted by a number of large trees.

In 2002 a specialist firm of building surveyors who were commissioned to assess the PCT estate stated that the overall quality of the Health Centre was reasonable although it did not comply with the Disability Discrimination Act. A copy of the report for the existing premises can be found in **Appendix F**. The building was found to be deficient in the following areas:

- 1 No audible/visual call system for patients
- 2 No baby change facilities
- 3 Reception counter not DDA compliant
- 4 Corridors not DDA compliant as they are narrow with some steps.
- 5 No accessible uni-sex WC
- 6 Emergency exit doors do not have a step-free egress

- *Severn House Practice*

The Severn House Surgery is situated in Albert Road and is a large Victorian house with patient services on the ground floor and a gross internal area of 85 sq m. The building does not comply with the requirements of the Disability Discrimination Act (see below for further details). As a result, only the ground floor is used for patient consultation. However, due to the constraints of the site, it cannot be extended or developed to meet patient demand or to host additional primary care services.

There are a few car parking spaces at the front of the premises. There are no disabled parking spaces and no dedicated patient parking. Patients normally park on the street.

In 2004 a specialist firm of building surveyors were commissioned to assess the PCT's current estate. In particular they considered the fabric of the buildings and the internal infrastructure, to see whether the current primary care services met health service standards and complied with current health and safety and statutory requirements. A copy of the report for the existing premises can be found in **Appendix F**.

The building currently occupied by Dr Sanghera's practice was considered deficient in a number of areas. In particular: -

1. Radiators in patient areas were not low surface temperature and there were some exposed heating pipes
2. Inadequate storage areas for secure storage, including drugs storage, clinical waste and medical records storage.
3. There was no audible and/or visual call system
4. No dedicated baby feeding or baby change facility.
5. No disabled parking available (only on-street parking)
6. Reception counter not DDA compliant
7. There is no uni-sex accessible toilet.
8. Emergency exit doors do not have a step-free egress
9. Internal condition of the building was unsatisfactory
10. The layout of the building was poor
11. The level of privacy offered to patients and working conditions for staff were not acceptable.

The restraints of the current site and buildings did not allow for expansion to overcome the deficiencies listed above.

- Fairway Surgery

This is a purpose-built surgery situated close to the existing Stechford Health centre on the main Bordesley Green East of approximately 200sq m internal area. The overall condition of the building was considered good when inspected in 2004 by a specialist quantity surveyor commissioned by the PCT to inspect all of the estate. A copy of the report is attached at **Appendix F**. However there were some concerns raised about the building which include:

- | | |
|---|--|
| 1 | No designated disabled parking bays |
| 2 | Reception counter not DDA compliant |
| 3 | Accessible WC does not have an alarm |
| 4 | Emergency exit doors do not have a step-free egress |
| 5 | No adequate storage of drugs in an alarmed cabinet |
| 6 | No dedicated baby feeding or baby change facilities. |

- The New Site

The new site is within half a mile of the existing Health Centre, Fairway and Severn House Surgeries. None of these premises have any capacity to expand the number of patients attending or the services provided by the GPs. The site was originally a public house with a bowling green to the rear. The previous owner of the land demolished the original building.

The site is well served by public transport; it is on four main bus routes with stops directly outside the new building and is in the centre of a City Council constituency neighbourhood. A location map of the site, together with photographs is contained in **Appendix E**.

- The New Premises

The new primary care centre will occupy just over 2,700 square metres. It will consist of ground, first and part-second floor accommodation. The four GP practices will occupy clinical accommodation on the ground floor. There will also be a multi purpose room which will be used for baby clinics and group work, particularly encouraging self-help for patients with chronic illnesses. On the first floor there will be a 12-bedded physiotherapy unit with two additional clinical rooms which will enable the building to be a major centre for physiotherapy, orthopaedic triage and pain management in BENPCT. There will also be six podiatry rooms, and three surgeries for the Personal Dental Service. Also on the first floor will be two treatment rooms for district nurses and two bookable clinical rooms.

The second floor contains offices for the GP practice staff, PCT staff (community nurses, primary mental health workers, health visitors, and district nurses), a staff common room/kitchen and education and library rooms.

The building fully complies with building regulations and is compliant with the requirements of the Disability Discrimination Act. Several energy efficient features have been included in the innovative design to reduce the carbon footprint of the building. These include wind catchers on the roof to reduce the necessity for mechanical ventilation, motion-activated lights in corridors and motion-activated taps with water reduction device in toilet areas. In addition the telephony system provided in the building will be using Voice Over Internet Protocol technology in accordance with the PCTs overall ICT strategy.

2.5 Benefits from the Richmond Primary Care Scheme

The new Primary Care Centre will be located in a prominent position on a main arterial route into the city and on four main bus routes. It will provide GP and primary care services for the residents of Stechford and Yardley North and some in South Yardley. The increase in space will allow the services in the existing building to be provided in modern, welcoming fit-for-purpose facilities and enable them to expand to cope with the increasing demand. These services will include

- General Medical Services
- Family Planning Clinic
- Student teaching
- Primary Mental Health Workers
- Midwifery Services
- Child Health Clinics
- Sexual Health

The following additional services will also be provided from the new centre:

- Physiotherapy
- Pain Management
- Orthopaedic Triage
- Podiatry
- Dental Services
- Chronic disease management

As a result the inclusion of the above will enhance patient access to primary care services and provide the following benefits;

The premises will support the relocation of the two practices already in Stechford Health Centre, one single-handed practice (Dr Zaki) and one two-partner practice (Drs Watson and Attalla). In addition Dr Sanghera at Severn House and Dr Brown at Fairway surgery (both singled-handed GPs) will move into the new centre together with their associated nursing and administrative functions. This will enable the practices to support each other professionally and to enable them to expand their services in fit for purpose accommodation.

- District and Community Nurses, Health Visitors, and Primary Mental Health Workers who support the local area will be based at the new Centre. This will enhance the service provided for specific clinics, also based at the Centre, including district nurse treatment clinics and baby and young people's clinics. Health Visitors will be able to provide services from the centre with a greater focus for individuals and families.
- The provision of accommodation for Primary Mental Health Workers to undertake consultation and assessment.
- Specialist primary care services will also be based at the Centre, including podiatry, physiotherapy and pain management. This will lead to an improved access to these services for the community due to the location of the centre and increased capacity which will reduce waiting lists.

General Practice:

Dr Watson and Attalla

This is a two-partner practice presently housed in Stechford Health Centre.

The advantages to the practice will be that there will be a CLEAN, spacious, friendly atmosphere for all. No more sharing small dirt-ridden consulting rooms. There will be more toilets for patients and staff than there are in the existing Health Centre with controllable heating and hot water readily available in every consulting room. There will also be designated areas for each practice and storage space on all floors. Wheelchair users will be able to access all areas of the building and there will be disabled person parking spaces. It will be almost a one-stop shop on more than one bus route.

Dr Zaki

This is a single-handed practice also working from the existing Stechford Health Centre. The benefit to the practice will be that the accommodation will be fit for purpose to provide 21st century healthcare and the practice will receive support from the other practices in the building.

Dr Brown

This is a single handed GP practice presently working out of a purpose built surgery close to the existing Stechford Health Centre. They see the advantages of the new building as:

Four practices coming together "under one roof" will provide real potential for: -

1. Surgery hours to be extended into evenings and weekends.
2. On the basis of scales of economy, practices to share some administrative functions.
3. In relation to PBC and power of spending across the four practices greater potential/better deal for commissioning services

Dr Sanghera

This is a single-handed practice working from Severn House Surgery, which is very close to the site of the proposed Richmond Primary Care Centre

The New Primary Care Centre will allow the opportunity for a number of community based services to be provided on the site for all the practices' patients. It is also anticipated that the morale of all the staff will improve when working from the new building and there could potentially be greater interaction with the wider primary care team.

Community Services

IT Provision

The new building will provide an IT infrastructure for all the community services based in, or using the centre to input and access clinical information. This will support clinical governance and enable clinical audits to be undertaken.

Telephony

Voice Over Internet Protocol (VoIP) telephony system will be included in the building which will improve the communications between staff within the new centre and across the PCT area. It will enable phone calls to follow staff especially where staff rotate around several different sites.

Podiatry

We currently provide a podiatry service from an inadequate building in terms of office accommodation, parking, clinical facilities and capacity. By moving from The Swan Centre for Physiotherapy and Podiatry to larger purpose built facilities, it will allow the podiatry department to increase capacity and therefore reduce waiting times to our patients. Patient access will be improved for those arriving by bus, car and those using wheelchairs. The current biomechanics service will be improved by having a purpose built biomechanical walkway and closer multidisciplinary working with the physiotherapists.

District Nursing

The team of District Nurses will have access to clinic rooms that are furnished appropriately and fit-for-purpose, the patients can be given appointed times to attend. This will be of benefit to both the patient and the nurses, the number of patients seen at a clinic are greater in an equivalent time to those visited at home, patients will also know exactly when and where their treatment will be. The care will be delivered in a safe and controlled environment and obviously this will reduce the risk of cross infection.

This new building will be of benefit to the teams in many ways, not least that their office area will accommodate the team in an environment, which is more conducive to effective working. It will be a safer environment in which the nurses can deliver their care.

The IT facilities within the building will enable better communication between teams of community nursing and better access to facilities to input and retrieve clinical data.

Personal Dental Service

The Personal Dental Service provides dental care for patients who have difficulty accessing mainstream high street dentistry. These include children with high levels of dental disease, people with severe dental anxiety and people with special needs such as mental or physical disabilities. The Service takes referrals from any member of the primary healthcare team and in particular general dental practitioners.

At the moment, services in the area are provided from a single surgery clinic at Yardley Green and a two surgery clinic at Treafoord Lane. The surgery at Yardley Green is upstairs, quite difficult for patients to access and isolating for the staff. Both clinics have a receptionist. Transfer of both clinics to Stechford would enable a more flexible approach, with a Senior Dental Officer able to lead a team of two dental officers, providing support for development of sedation and teaching of dental undergraduates. Only one receptionist will be required and dental nurse cover will be easier to arrange.

Physiotherapy, Orthopaedic Triage and Pain Management

Physiotherapy will move its base from the Swan Centre for Physiotherapy and Podiatry. This will be advantageous, as there have been ongoing problems with the fabric of the building and car parking issues, which necessitate the PCT paying rental for spaces at nearby Equipoint.

In the new health centre we will have increased our treatment capacity from 8 treatment areas to a 12-bedded department and 2 clinical rooms. This will enable us to timetable more staff to address the waiting lists.

Orthopaedic Triage and Pain Management Services will be able to use the 2 clinical rooms to run clinics. At present there is insufficient space for Orthopaedic Triage and no room for the Pain Service to run regular clinics.

The increased reception space would give us the flexibility to run a central booking system.

Benefits to patients and Staff

Patients

- The reduction of waiting times
- Ability to be seen nearer to home
- Avoidance of secondary care intervention

Staff

- Better working environment
- Healthier working environment
- Office accommodation

Wider Benefits

- Assist the PCT in its Sustainability agenda
 - Contribute towards the PCT's IM&T agenda by making IT facilities available to all staff
 - Enable better booking, scheduling and diary management systems to be introduced
 - Improved appointment scheduling systems for patients
- The development has been designed with future flexibility in mind to flex with service redesign and the changing face of primary care.

2.6 Stakeholder Involvement and Consultation

The following documents have previously been presented to Eastern Birmingham PCT Trust Board:

1. In April 2005 an Outline Business Case was presented to Eastern Birmingham PCT Trust Board, and the Board agreed to proceed to Full Business Case on the Cascades site. Subsequent discussions proved that a development on this site would not be possible.
2. In August 2006 the Eastern Birmingham PCT Strategy and Finance Committee approved the option of acquiring the Richmond site for a replacement Health Centre.

Involvement in Drawing Up Designs

The User Design Group has included representatives from the PCT and all four practices, representatives from all the services provided in the existing centre, and services which will move into the new centre, users of the services and the PCT.

Wider Consultation

This has been based around the following steps:

- Informing patients of the Practices about the intended project, and publicising plans.
- Informing the wider local community of the intended plans.

Consultation over the design of the building and the range of services has been carefully structured. This has ensured involvement of the GP practices, representatives of the local community, patients, and the specialist advice of the design team and PCT advisers.

This process had been managed through a project team operated by the PCT, comprising of representatives from the various stakeholders, specialist advisers from the Birmingham Primary Care Shared Services Agency and the independent design team. The project team's brief was to design a primary care centre to transfer the GP practices and include additional PCT services. On this basis the advice and the requirements of individual stakeholders have been sought through regular project team meetings and incorporated in the design of the building and services.

As the scheme developed regular meetings were held with individual users to consider the design of individual departments in detail. These meetings involved consultation over the floor plans and their location in relation to other departments, the general design of the building, equipment schedules and more recently over the preparation of specific operational policies.

Two public events were held in the public area of Cascades Leisure Centre, one in the evening and one during the daytime, invitations to which were posted in prominent buildings locally. Plans of the new building were available together with a video demonstrating what the external aspects of the building will be like. These were well attended by patients, staff and public.

Plans of the proposed new build have also been displayed in the existing Health Centre, Severn House and Fairview Surgeries for patients to look at, providing telephone numbers for patients to contact if they have any queries.

Information leaflets have been handed out and been available to patients attending the Health Centre which answer some frequently asked questions and providing contact details for queries. These leaflets have been updated regularly to keep patients and staff informed.

The approach outlined above was intended to inform patients, rather than consult them, about the new facility and to provide patients with the opportunity to raise concerns and problems. It was also undertaken in accordance with BEN PCT's Communication and Engagement Strategy for LIFT buildings.

2.7 Board Approvals

Strategic Health Authority approval is not required but a copy of The Full Business Case will be sent to the Strategic Health Authority Capital Review Group for information.

3.0 Commercial Contract Structure

3.1 Overview

This section summarises the contractual structure between the PCT and LIFTCo, and briefly describes the key documents to be entered into by the PCT.

The PCT intends to adopt the Standard Form documents developed by Department of Health and Community Health Partnerships, except where stated in the following sections.

3.2 Shareholders Agreement

The PCT is already a signatory to the Shareholders Agreement, which was signed in July 2004. The Shareholders Agreement sets out the terms under which LIFTCo operates, and also contains the Articles of Association of LIFTCo.

3.3 Strategic Partnering Agreement

The PCT, along with the other three PCTs in Birmingham and Solihull and the two local authorities (collectively referred to as the "Participants"), also entered into a Strategic Partnering Agreement (SPA) with LIFTCo at its inception in July 2004. The SPA gives LIFTCo the right to deliver or manage future developments and services as required by the Participants, and as commissioned by the Strategic Partnering Board (SPB)

The SPA established LIFTCo as long-term strategic partner for the provision of both the initial investment in the Tranche 1 Schemes, and also the long term partnering arrangements for the health and social care investment needs for the locality. The SPA is to be for a duration of 20 years, with the right to extend for a further 5 years, but various provisions will survive termination.

The Strategic Partnering Board represents the local health economy and LIFTCo, provides a forum for decisions on relative priorities, and will also commit to schemes to be delivered by LIFTCo. The Participants commit under the SPA to review the Strategic Service Development Plan annually, and in doing so will identify requirements and opportunities that LIFTCo can develop. The annual process of developing and agreeing the SSDP will help to ensure that the Participants continue to work together to develop a common vision and thereby identify opportunities that LIFTCo can deliver.

In addition to the above the Participants have agreed a protocol covering how they will work together and deal with their obligations under the SPA.

3.4 Lease Plus Agreement

The Lease Plus Agreement (LPA) sets out the terms under which LIFTCo will provide, and the PCT and other tenants will occupy, the new Richmond Primary Care Centre.

For the Birmingham and Solihull LIFT Project, it was initially decided that the most efficient way of delivering the services required under the SPA for each project or group of projects was via a wholly owned subsidiary of LIFTCo, known as Fundco. Under this structure, the senior debt provider Barclays Bank PLC will provide a loan and the shareholders in LIFTCo will provide subordinated debt to Fundco, initially in the same proportions as their shareholdings. Fundco will design, build, finance and operate the new facility, and will enter into the Lease Plus Agreement with the PCT and other tenants.

The senior debt provider will take security over the business and assets of Fundco via the usual fixed and floating charges and will also have a share mortgage over LIFTCo's shares in Fundco.

One of the key benefits of this structure is to allow relatively straightforward financing of each new project or tranche of projects without the need for complex inter creditor arrangements between what could be an increasing number of senior debt providers.

Recently all the PCT & Care Trust participants have agreed to change the way participants subordinated debt (20%) is provided. In future it is proposed that the PCT(s) responsible for the project will provide all of the participants subordinated debt. Therefore in the case of the Richmond PCC BEN PCT will provide all of the subordinated debt. This is the subject of a separate Board paper/report to the PCT Board.

The LPA sets out the development obligations for the period during which the new facility will be constructed, and the obligations on both parties throughout the period of occupation of the facility by the PCT and other tenants.

The PCT will enter into a head lease for 25 years with Fundco for all of the accommodation within the new facility with a sub-lease between the PCT and the Practices.

Letters of intent from GPs to enter into the sub-leases are attached as **Appendix G**.

The latest standard contractual documents (version 5) are to be used and there are no deviations from the standard documents, however there are some derogations/variances which have been reported to the DH/CHP for local VfM reasons. The agreed derogations/variances are attached in **Appendix J**.

3.5 Supply Chain Agreements

The Strategic Partnering Agreement sets out the services which LIFTCo is obliged to provide and these services take three major forms: Design and Construction, the provision of Hard Facilities Management ("HFM") and the provision of Partnering Services, both on a recurring project-specific basis (for Initial and New Projects) and an ad-hoc basis (for non-project specific Additional Partnering Services). The supply chain agreements or contracts under which these services are to be provide, take the form of framework agreements.

Fundco's key supply chain members are as follows –

Partnering Services	Prime Plc
Architecture/Design	Panton Sargent
Design and Construction	Thomas Vale
Hard Facilities Maintenance	Carillion Services Limited
Mechanical & Electrical	Avus Consulting

3.6 Funder

The funder for the Richmond Project is Barclays Bank Plc, the same funder as all the previous schemes that have reached financial close to date.

4.0 Financial Impact/Value for Money

4.1 Overview

This section examines the overall financial impact and value for money of the project, and deals specifically with:

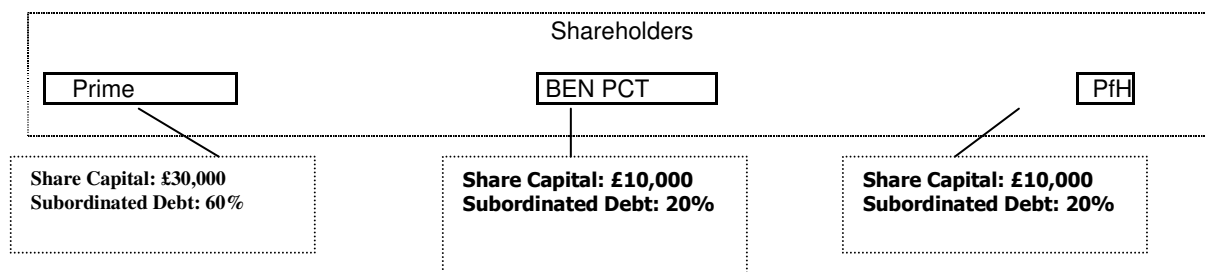
- The financing structure for the project
- The costs and affordability of the project to Birmingham East and North PCT and other tenants
- The investment required from the PCT Participants
- The use made of LIFT Enabling Funds
- The land and property transactions associated with the project
- Payment Mechanism
- Accounting Treatment
- Taxation
- Value for Money

4.2 Funding Structure

4.2.1 LIFTCo

The overall financing structure established for the Birmingham and Solihull Local Investment Finance Trust ("LIFTCo") at its inception in July 2004 is set out in Table 4.1 below:

Table 4.1 LIFTCo Financing Structure



The initial equity investment from all shareholders into LIFTCo is £39,000, which will be used to provide the equity needed for each project.

A new Fundco will be established for the Richmond project at financial close.

4.2.2 Richmond

The financing structure proposed for Richmond will be on similar terms to those adopted for the first six schemes established by LIFTCo, and subsequent schemes with 89-90% of the required funding being senior debt and 10-11% equity and subordinated debt

Subordinated Debt

The equity and subordinated debt requirement for the project of £700,000 will be sourced as follows:

- Private Sector (60%) - Prime plc
- Community Health Partnerships (20%)
- Birmingham East and North PCT share (20%)

Interest Rates

At Financial Close Fundco will enter into a long-term interest rate swap agreement.

Indexation

The Lease Charge is to be indexed annually by RPI. As the aim of LIFTCo is to develop into a multi-asseted company, the risk of RPI changes is deemed to be manageable across a portfolio of schemes, which will include public and private sector leases and transactions. LIFTCo's strategy is to monitor and manage RPI within its overall portfolio rather than taking out individual swaps for each scheme.

Accounting treatment

LIFTCo has assessed the project under Application Note F to FRS 5 and has used a fixed asset approach for the treatment of its main asset. The capital works will be capitalised for tax purposes and set against tax over time through the capital allowance system. The structure of the leases within the contract means that a revenue tax treatment is not possible.

4.2.3 Financial Model

A financial model is in the process of being developed by LIFTCo. The PCT's financial advisors will be reviewing the financial model prior to financial close to ensure that structure of the model and the inputs and outputs are working efficiently. In addition an audit will be undertaken by LIFTCo on behalf of the funders on the final model prior to Financial Close.

Ernst & Young LLP have advised the PCT on project finance in relation to this project and found that the banking terms and financing structure are reasonable and consistent with those found on other LIFT projects.

4.2.4 Lease Plus Rental

The rental payable under the Lease Plus Agreement for the Richmond project will be fixed at financial close following agreement of:

- The interest rate hedging arrangements.
- Finalisation of when payments of the LPP will commence.

The lease plus payment of £295 per square metres contained in the full business case is based on the lease charge commencing when all of the construction has been completed.

The lease plus payment includes payment for facility management and life-cycle costs, but excludes soft facilities management, which is accounted for separately. The LPP will increase annually in line with retail prices indexation (RPI).

The annual Lease Plus Rental (2007/08 Prices) agreed with LIFTCo is £816,265 at £295 per square metre.

4.3 Costs and Affordability of the Richmond Primary Care Centre scheme

4.3.1 Projected Annual Costs (after the lead in period)

The projected annual revenue costs (after the lead in period) to the Primary Care Trust of the project are set out in Table 4.2 below. The "after the lead in process" is the recurrent position after all non-recurrent costs / income have finished. The first full year after the lead in period has finished is expected to be 2010/2011. All costs are at 2007/08 out-turn prices.

Table 4.2 Summary of Annual Revenue Costs

	ANNUAL COST £000
<u>Payments to LIFTCo</u>	
Annual Lease Plus costs	816
Pass through costs	
- Energy & Utilities	47
- Water & Sewerage	8
- Rates	97
- Insurance	10
Sub-total	978
<u>Costs of existing services to be provided by PCT</u>	
Establishment expenses	44
General Supplies and Services	76
Waste Management	7
Other	48
Sub-total	175
<u>Capital Charges</u>	
New Equipment provided by the PCT	84
Sub-total	84
TOTAL PROJECTED COSTS	1,237

Payments to LIFTCo

The annual costs of the rental payable under the Lease Plus Agreement have been agreed with LIFTCo, as set out in Section 4.2.6 above. The rental is £816,265 and is based on the guaranteed maximum price which was contained in the approved SPB2 document. In reaching financial close it is expected that this sum will reduce.

The costs for pass through costs have been based standardised rates from sample schemes of a similar building size.

Costs of Services to be provided by PCTs

Estimates have been made of the likely costs of those services, which will not be encompassed within the Lease Plus Agreements and for which the responsibility for provision will remain with the PCT.

The PCT has included costs for soft FM based on current costs for similar specifications. There are some additional costs for central administration.

Capital Charges

Estimates have been included of the capital charges, which are likely to fall to be met by the PCT as a result of the new facility. Capital charges are mainly as a result the additional equipment such as, IT, Group 2 and Group 3 that is required. The capital investment expected is £367,000. The PCT will be funded £297,000 from the common investment fund for the additional equipment. This calculated on 6% of the construction cost of £4,950,000. The shortfall in capital required will be funded from the surplus funds generated from the sale of the site, or from operational capital.

4.3.2 Funding Available

The funding available to the PCT for the Richmond project is set out in Table 4.3 on the following page:

Table 4.3 Funding Available

	ANNUAL AMOUNT
	000s
Recurring Costs to PCTs of existing services	
- PCT Resource Limits	68
- GMS Funding	57
Contribution from GP tenants	57
Sub total	182
Recurrent Funding approved by the Strategy and Finance Committee	792
Total Approved Resource	974
- Additional funding required	263
TOTAL FUNDING AVAILABLE	1,237

Costs of existing Services

The total net cost to the PCT's resource limits in 2007/8 of the existing facilities, which will be replaced by the new facility amounts to £182,000. This includes £57,000 from costs that were previously met from GMS.

Contributions from GP tenants

Formal sub-lease agreements will be concluded with the GP tenants after financial close.

A number of costs do not currently fall within the range of costs that are eligible for re-imburement to GPs. These costs will, however, continue to be met by the GP sub-lease holders:

- Energy
- Insurance
- Telephones
- Equipment maintenance
- Cleaning
- Portering & Security
- Domestic Waste/Pest Control

The contribution of £57,000 service charges reflects the terms of the sub-lease, which will be agreed with the GPs. The PCT has outlined the nature of charges that are both reimbursable and not reimbursable to which the GPs have given an undertaking to be charged, subject to completing the sub-lease.

Contribution from other tenants

Other than the four GP practices there are no further sub-leases that are planned.

Additional funding identified with PCT Local Delivery Plans

The lease plus rental costs of those elements of the new facilities, which relate to GMS will be charged to GPs and under the new GMS contract, will be reimbursed by the PCT from the new GMS Premises Fund.

The costs are based on the following costs that will be charged and reimbursed to GMS/PMS tenants:

- Lease Plus Rent £295 Per m²
- Rates £35.00Per m²
- Water & Sewerage £2.80 per m²
- Clinical Waste £2.50 per m²

At the Finance and Strategy Committee held on 9 August 2006 a sum of £792,350 was approved.

The additional annual recurrent revenue required from the PCT's resource limit amount over and above that previously approved by is £263,000.

Table 4.4 identifies the funding required across financial years as this will be different from the recurrent revenue funding position.

Table 4.4 Revenue Funding

Revenue Funding	2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's
Existing Sources of Funding				
- Funding from existing Budgets			94	125
- Contribution from GP Tenants			43	57
- Funding approved by the Board			792	792
Sub Total – Existing Sources	0	0	929	974
Additional Funding Required	218	17	93	263
Sub-Total – Additional funding required	218	17	93	263
Total Sources of Recurrent Revenue Funding (A)	218	17	1,022	1,237
Recurrent expenditure plans			928	1,237
Non-recurrent Expenditure	218	17	9	
- PCT set-up Costs			85	
- Contractor Costs				
Total Recurrent / Non-recurrent Revenue Expenditure (B)	218	17	1022	1,237
Additional Non-recurrent Revenue required / (savings) (B-A)	0	0	0	0

When the scheme is operational there will be a need to fund additional revenue costs of £93,000 in 2009/10, rising to £263,000 in 2010/11.

The non-recurrent cost in 2007/08 of £218,000 is for the fixed asset impairment of the existing Stechford site. This is the loss that has occurred as a result of annual indexation and DV revaluations (every 5 years) which has meant that the site is effectively overvalued compared to market value. The loss has been calculated on the basis of the carrying value of the asset less the expected sale proceeds of £775,000.

The main contractor costs in relation to 2009/10 will be primarily meeting the cost of stamp duty and other legal costs associated with setting up the sub-leases with the GPs.

4.4 PCT Equity Stakes

The financing structure for the project is described in Section 4.2 above and is based upon a senior debt: equity/subordinated debt ratio of 89%:11%, although it is expected to be 90%:10%. The equity and subordinated debt element of the financing amounts to £700,000 and the 20% contribution provided by PCT

amounts to £140,000. The subordinate debt will be fully funded from capital (LIFT Enabling), see section 4.6. The final subordinated debt figure will be calculated at financial close.

4.5 Enabling Funds and Capital Financing

The Department of Health has made available Enabling Funds to support the development of the first three waves of LIFT projects throughout the country. A total of £12.5m has been made available to the Birmingham and Solihull LIFT project in order to facilitate the development of the first tranche of schemes.

Table 4.5 identifies the expected sources and applications of capital funding. The programme includes the expected sale proceeds of the existing site at £800,000 as valued by the District Valuer. The surplus generated within capital is primarily as a result of the site sale, the proceeds of which are retained by BEN PCT.

Table 4.5 Use of Enabling Funds for the Richmond Scheme

	£000s
Sources of Funds	
Sale of Site (Proceeds retained by BEN PCT)	775
Block Capital	70
Common investment fund - Equipment	297
Common investment fund – Subordinated debt	140
Enabling Funds – GP costs	50
Total Sources of Funds	1,332
Application of Funds	
Capital Equipment	367
PCT Equity requirement Subordinate Debt	140
Total Application of funds	507
Surplus in Capital Funding	825
Net Surplus Capital from BEN's own Capital £825k - £70k	755

4.6 Land & Property Transactions

The existing site Stechford Health Centre will be sold for £775,000. The sale will be finally completed in the summer of 2009.

The proceeds of the sale of the site will be available for reuse by the PCT.

4.7 Payment Mechanism

The arrangements for payment of the Lease Plus Rental by the tenants are set out in Schedule 10 to the Lease Plus Agreement. Under the terms of Schedule 10, the tenants will be able to reduce the amounts payable to LIFTCo in the event that any of the designated functional areas within the facilities are deemed to be Unavailable for Use due a failure on the part of the landlord.

The calculation of any deductions for Unavailability will be based upon the following factors:

- The designation of individual rooms within the facility as Functional Areas
- The application of a relative weighting to each Functional Area based upon its size and category of importance

The designated functional areas and their weightings for the Richmond project will be based upon principles agreed for the two sample schemes and all subsequent schemes that have reached financial close.

4.8 Accounting Treatment

4.8.1 Balance Sheet Treatment

Ernst Young LLP, as appointed financial advisors to the PCT's have given an opinion that the LIFT project is off balance sheet (see **Appendix K**) for the original Birmingham and Solihull LIFT Project Business Case 2003, received an indicative accounting treatment opinion. Whilst it was not based on any specific bidder's proposals, it does reflect the assumption that the standard LIFT documentation will be followed allowing for the derogations and variations set out in section 3. This indicative opinion indicated that it was anticipated that LIFTCo's assets would be off balance sheet.

The Accounting Treatment has also been endorsed by the PCT's external auditor, the Audit Commission. (see **Appendix L**)

4.8.2 Deferred Assets

There are no deferred assets, which arise as a result of the transactions associated with the Richmond Scheme.

4.8.3 Residual Interest

The Lease Plus Agreement with LIFTCo includes an option for the PCT to purchase the property at termination of the lease. However, there is no provision for the new facility to automatically revert to the PCT at the end of the lease period, and there is therefore no residual interest to be accounted for on the balance sheet of the PCT.

4.9 Taxation

4.9.1 VAT

The PCT has received confirmation from HM Customs & Excise that VAT will be recoverable. Confirmation is attached in **Appendix M**.

4.9.2 Stamp Duty

The PCT will need to pay stamp duty on the sub lease to the 4 GP Practices. The cost of this will be £35,000. It has been assumed that the LIFTCo will opt to tax and therefore the impact of VAT has been accounted for.

4.10 Value for Money

Ensuring that the project represents good value for money to the Primary Care Trust has been assured by:

- A rigorous and competitive procurement, which has resulted in a re-tendering of the construction, costs.
- Independent expert review and scrutiny of the costs proposed by LIFTCo.
- A market testing of the loans used to finance this project.

Technical Assessment

In order to be able to demonstrate Value for Money, BaSS (Liftco) undertook to competitively market test the construction of the centre, to be able to evidence the best price. Based on the tenant's requirements, tenders were invited from 3 building contractors, one of whom had been appointed on the PCTs other LIFT projects at Streetly Road and Stockland Green. Following the tender return, further negotiations were undertaken by Prime to ensure compliance, and achieve best price.

Comparison was undertaken of the received costs per square metre against the Community Health Partnership, national benchmarks which are compiled from LIFT schemes already closed across the country (regionally adjusted). In Appendix N, the received scheme costs in relation to the benchmark, indicates a position just (above/below) the mean, thus indicating an acceptable outcome.

In order to place the tendered costs, against a public sector comparator (PSC), quantity surveyors, Holbrow Brookes & Partners, were commissioned to undertake this work. Enclosed at **Appendix N** [report appendix] is the outcome, which shows that the submitted costs are very favourably positioned against the PSC.

PSC £/sqm	Construction Costs £/sqm
£2,633.24	£2,272.62

In light of the foregoing, it can be seen that the costs provided by BaSS do represent Value for Money, and are competitive for buildings of the level of specification required.

Similar comparison of life cycle & FM costs have also been undertaken against national benchmarks, and again would appear to represent VFM.

The PCT's Technical Advisers have reviewed the proposals for the project and are satisfied that the pct's brief has been met by BaSS, however the design and construction risk under LIFT will remain with BaSS.

District Valuer Assessment

Further assessment of the lease plus charge, has been referred to the District Valuer. Having required full information on the proposals, including associated revenue costs as well as capital, the District Valuer has confirmed VFM. The total lease plus payment including lease charge, life cycle & FM cost is £295 per sq metre, see **Appendix O** for the full report dated 14 January 2008.

Based on the foregoing assessments, the scheme as proposed was felt overall to demonstrate Value for Money.

5.0 Implementation

5.1 Overview of section

This section sets out the arrangements, which will be in place to ensure effective implementation of the project, specifically:

- The implementation timetable
- The project management arrangements
- An assessment of the risks to the PCT and the risk management arrangements
- The approach to be taken to the Post-Project Evaluation and Benefits Realisation
- Equipment and I&CT for the new facility
- Design Matters

5.2 Timetable

The key milestones for the project are set out in Table below:

Key Milestones

	Milestone	Finish
1	Approval of Full Business Case	January 2008
2	Approval at SPB	November 2007
3	Financial Close	January/February 2008
4	Start of Construction	March 2008
5	End of Construction	May 2009
6	Commissioning of new Primary Care Centre	June 2009
9	Post Project Evaluation	Commencing January 2010

5.3 Project Management

A formal project management structure was adopted at the outset, managed by the PCT. This oversaw the design and planning principles of the new centre and agreed the PCT services to be included.

The project management also oversaw the formal planning of the project. This included identifying a suitable site based on patient locations, the services to be included and the equipment to be purchased.

The project team chaired by a senior officer of the PCT included representatives of the various executive arms of the PCT, including nursing and finance, plus external specialist support from Birmingham Primary Care Shared Services Agency. This included building and estates representatives, Design experts from Prime participated, providing the technical input and advice to meet the requirements of the users.

5.4 Risk Management

5.4.1 Introduction

In line with Department of Health guidance, a Risk Management Strategy and Risk Register has been developed for the project, based on an assessment of the risks to the PCT given the status of the schemes from the development work to date.

The overall aim has been to:

- Identify the key risks inherent within the project
- From the viewpoint of the PCT, determine the impact that the risk could have, and the likelihood that the risk will emerge
- Allocate responsibility for managing each risk
- For those risks that are judged to be significant, develop a Risk Action Plan to ensure that the risk is minimised.

Risks have been categorised into the various stages of the project, and a simple 3-point scoring system was developed to assess both the likelihood and the impact of the risk. This resulted in a Red, Amber, Green (“RAG”) rating being assigned to each risk, and for those risks accorded “Red Light” status a specific Risk Management Plan was identified.

The Risk Register for the project is attached as **Appendix P**. Work continues to monitor risks and further develop the actions required to mitigate the risks as the project moves forward. The Risk Register will then be used by the PCT as a tool to manage the risk through the various stages of development and operation for the project.

The project management of the scheme also identified and analysed the potential risks the project was exposed to and developed strategies to overcome them.

In particular the major risks identified have been:

- Delay in negotiation of Supply Chain Agreements. This is the responsibility of the LIFT Company to progress early agreement of new version (V5) of key legal documentation with contractor.
- Identifying and responding to changes in good practice relating to the design – Regular involvement of clinical specialists and the advice of the PCT’s Infection Control expert.
- Financial – Specialist technical and financial advice has been utilised to ensure tender and design costs remain within a ‘benchmark’ established by Community Health Partnerships.

5.5 Post Project Evaluation and Benefits Realisation

5.5.1 Post Project Evaluation

The PCT is fully committed to undertaking a formal Post Project Evaluation (PPE) of the project including a Benefits Realisation. The overall approach covers:

- The evaluation of the capital development, to ensure desired functionality has been achieved.
- An evaluation of the project processes to ensure that lessons are learnt for future projects.
- The subsequent evaluation with key stakeholders of achievement against outputs in service, clinical and operational terms.

The overall approach to PPE developed for the Richmond project will comprise the following key stages:

Stage 1 Project Appraisal

The purpose of this stage is to ensure that the process for Post Project Evaluation and Benefits Realisation is robust, has the necessary resources and is well focused.

The PCT has expressed the project objectives clearly against quantifiable measures of change. A Project Evaluation Matrix has been developed which identifies measures, assumptions and risks against the objectives defined for the project, and forms the baseline against which the remaining stages can be undertaken.

The PCT will designate a Project Evaluation Manager, who will lead an Evaluation Team consisting of:

- User Group members.
- Relevant PCT Managers and other Key Stakeholders.
- External interests and advisers as relevant.

Detailed records will be maintained on project files in formats approved by the PCT.

Post Project Evaluation will be undertaken as an integral part of the monitoring of benefits realisation, and as part of the overall approach within the PCT to developing its LDP and monitoring performance against such plans.

Stage 2 Project Monitoring & Evaluation

The purpose of this stage is to assess the effectiveness of the scheme as it is delivered, so that lessons can be learnt for future projects.

The PCT will take responsibility for managing project monitoring from financial close, through development and up to post-completion. Monitoring reports will be prepared quarterly and will be reviewed through the PCT's normal managerial and accountability structures.

Regular reviews of the original output specification will take place at key decision points to confirm or modify future plans.

For monitoring and evaluation purposes, the scope of the project will comprise the following elements:

- Changes in clinical practice
- New Build Works monitoring
- Commissioning
- Service transfers
- Overall Capital completion

Post Completion, the construction record and functional suitability will be reviewed, to address:

- Completion against schedule
- Achievement of forecast costs
- Rationale for any variations, and mitigating action taken
- Recommendations for future projects
- Functional suitability of the facility.

Stage 3 Review of Objectives

The purpose of this stage is to assess whether the scheme has achieved the objectives set.

The PCT will review the costs and benefits of the scheme on a phased timescale, starting at handover of the completed development.

Performance will be monitored against baselines as defined in Stage 1, and against approved, modified baselines. It is anticipated that the majority of benefits should be realised within a year of the handover of the facilities, but soundings will be taken as to whether it is appropriate to establish a further review after a longer period has elapsed, in order to obtain a clear picture of any trends over time.

5.5.2 Benefits Realisation Plans

The benefits accruing from the project have been considered and assessed by the PCT under the following 9 headings:

- A. Improved Clinical Quality

- B. Improved Customer Care
- C. Improved Staff Resources
- D. Improved Patient Flow and Throughput
- E. Accessibility of Services to Local Population
- F. Flexibility of Accommodation
- G. Improved Quality of Accommodation
- H. Ability to respond to PCT and other Key Stakeholders Current and Future Strategies
- I. Financial benefits

The specific benefits are set out in **Appendix Q** and these have been related to the overall objectives of the PCT's Local Delivery Plans.

5.6 Equipment and I&CT

5.6.1 Equipment

Strategy

The PCT is responsible for the purchase of all Group 2 and 3 equipment. This is classified as equipment required to be fixed by the contractor, but not part of the main structure and freestanding items which are not physically attached to the structure of the building.

All equipment (including items that will be acquired by the contractor as part of the development) has been identified at the design stage through the preparation of room data sheets. From this a separate schedule has been compiled listing all Group 2 and 3 equipment.

Individual User Group meetings have identified the equipment required.

LIFTCo will be responsible for sourcing and supplying all Group 1 equipment and fixing all Group 2 equipment (i.e. equipment that needs to be fixed and installed within the centre).

Procurement

All Group 2 and 3 equipment to be provided by the PCT will be sourced through the Shared Services Agency. PCT officers will liaise with them to ensure the preferred items as suggested by the users are acquired. Consideration will also be given to any equipment which can be transferred from the existing buildings.

In addition PCT officers will be responsible for the commissioning and evaluation of the building, facilities and services provided.

All IT equipment will be sourced by the PCT's IT team, again taking into account equipment that can be transferred from the existing premises.

Costs and Funding

The costs of the equipment, which will be provided by the PCT, will be financed from the proceeds of the sale of the existing property to LIFTCo (see Section 4.7 above).

5.6.2 I&CT Strategy

Birmingham East and North PCT is committed to the introduction of IT to improve the standard of patient care in a cost effective manner in accordance with its IM&T Strategy. The successful acquisition, development and use of such new technology require management and staff to work together to ensure continuous improvement of standards. The IM&T Policy and Procedures provide a framework within which this improvement will be achieved. The PCT ICT strategy calls for all new PCT premises to use Voice Over Internet Protocol Technology (VoIP).

Voice & Data Communications

Information in the NHS must be available 24 hours a day, 7 days a week, at the point of demand, to enable health professionals to deliver fast, seamless care to patients. This means making the most of modern technology to provide access where it is required and empowering staff to make full use of that access through training.

To facilitate this and deliver better services requires a free flow of information and knowledge, and barriers, real or imagined, need to be overcome. ICT and communication of knowledge need to be integral to the way staff work to reduce the number of transactions, double-handling and duplication of information.

The focus is on moving information, not people; using the information available more effectively and making that information more accessible, and more quickly. It is for this reason that VoIP technology will be incorporated into the new building. This will enable information and telephony to follow the staff wherever they may be working.

Equipment & Support

In the first instance, all IT equipment and/or system faults are to be logged with the Birmingham Primary Care Shared Services Agency (hereafter BPCSSA) ICT Helpdesk by telephone or email or Intranet. Any clinical system faults will be logged with the Clinical Systems Supplier.

The PCT procures all IT in accordance with current national policies and legislation as well as in accordance to its own IM&T Strategy and the guidance from the Connecting for Health Programme.

The helpdesk facility will be reviewed on a regular basis to ensure that the eService fits with the Connecting for Health Programme, ICT Strategy and any departmental structural changes that may occur.

Costs and Funding

The costs of the I&CT equipment which will be provided by the PCT will be financed from the proceeds of the sale of the existing property to LIFTCo (see Section 4.7 above).

5.7 Design and Related Matters

The intention for the Birmingham & Solihull LIFT project has, from the outset, been to achieve an excellence in design and create landmark buildings for the local population.

The overall architectural quality for all projects will be the subject of a design review process with the establishment of a group chaired by the Chair of Strategic Partnering Board, with input from representatives of the Royal Institute of British Architects (RIBA) and the Commission for Architecture and the Built Environment (CABE).

The AEDET (Achieving Excellence in Design Evaluation Toolkit) will be extensively used to evaluate the design.

Specialist consultants have assessed the mechanical and electrical design, to confirm that the parameters of the brief have been met, with design robustness, functionality and cost effectiveness. The issues of sustainability and energy consumption have been paramount, with an "excellent" rating for NEAT (NHS Environmental Assessment Tool) being required. The buildings will be fully compliant with Part L of the Building Regulations. An Encode "A" rating has been specified, with an expectation that the schemes will all be in a 35 or better, GJ/m³ category.

With utilities charges being a direct pass through cost to the PCT, the predicted annual consumptions for the project have been calculated and reflected in the assessment of the annual costs of the new facility.

A copy of the report is contained in **Appendix R**

5.8 NEAT – NHS Environmental Assessment Tool

NEAT has been developed by the Building Research Establishment (BRE) with funding from NHS Estates and DTI. The aim of the NEAT assessment tool is to help raise the awareness of the impacts that NHS

facilities and services can have on the environment and also to estimate the level of environmental impact taking place. NEAT aims to identify the environmental impact created during day-to-day operational activities.

NEAT was developed using the experience BRE has gained over many years in assessing the impacts of buildings and building services and in the development of assessment tools such as BREEAM, (Building Research Establishment Environmental Assessment Method).

NEAT was produced as a result of the Sustainable Construction Action Plan which requires all new buildings achieve a NEAT rating of Excellent and refurbished buildings are Very Good

There are 5 achievable ratings within NEAT:
Scores below 25% of the credits result in a FAIL
Scores over 25% give a rating of PASS
Scores over 40% give a rating of GOOD
Scores over 55% give a rating of VERY GOOD
Scores over 70% give a rating of EXCELLENT

NEAT covers the following criteria:

- Management
- Energy
- Transport
- Water
- Materials
- Land use and Ecology
- Pollution
- Internal Environment
- Social
- Operational Waste.

The pre-construction NEAT Assessment of Richmond Primary Care Centre was carried out on 15 January 2008 and was facilitated by BaSS [LIFTco].

The other parties involved in the process were:
Birmingham East and North Primary Care Trust
Birmingham Primary Care Shared Services Agency, Estates Dept.
Panton Sargent [Architects]
Avus [M&E Engineers]

The results are contained in **Appendix S** and the resultant Diagram and scores are attached. The project received a rating of Excellent, which meets the criteria of the NHS and the Tenants Requirements.

6.0 Conclusions and Recommendations

6.1 Conclusions and Recommendations

6.1.1 Introduction

The establishment of the Birmingham and Solihull Local Improvement Finance Trust and the investment in primary care facilities set out in the PCT's Strategic Service Development Plan are fundamental elements in the delivery of the PCT's strategies for achieving the significant improvements in primary care services envisaged in the NHS Plan.

Following the formation of the Birmingham and Solihull Local Improvement Finance Trust in July 2004, the design development and commercial aspects of the Richmond Primary Care Centre project have progressed to the point where financial close is expected in January/February 2008.

6.1.2 Benefits

The new facility will provide a purpose designed and built primary care centre that will incorporate the following benefits to improve health access, services and facilities for the local neighbourhood.

These will include:

- Provide a one-stop Primary Care Centre serving a population of approximately 13000 pts with space for expansion to cope with new housing in the vicinity
- Dedicated GP Practice areas with modern consultation and treatment rooms
- Improvement of local primary care services, with increased capacity for physiotherapy, and podiatry with specifically designed areas and rooms.
- Improved access to community dentistry in purpose built modern surgeries.
- Improved working conditions for staff
- Base for community staff (district nurses, health visitors) providing services in the local area which will improve communication with other health professionals
- Education, seminar and meeting facilities.
- Improved access and parking facilities
- Fully compliant with all building and environmental regulations.
- Inclusion of several energy saving features to reduce the carbon footprint of the building.

6.1.3 Stakeholder and Public Involvement

General

The new development will be sited on the corner of Richmond Road and Bordesley Green East and all services will transfer once the new building is completed. This site is central to the patient populations of all four practices which will be moving into the new building. Four major bus routes serve the new site (with bus stops directly outside it) and additional parking will be available to enable greater access for all patients.

All existing staff at the practices who will be moving in have been closely involved in the design and accommodation for the proposal. Likewise, PCT staff who will provide future primary care services within the building have been consulted on room layouts and equipment.

6.1.4 Key Summary Points

- The District Valuer and the independent technical and financial advisors appointed by the PCT have confirmed that the project represents value for money
- The Audit Commission, as external auditors to the PCT, have endorsed the view expressed by Ernst & Young that the assets created under the project will not be included on the balance sheet of the PCT
- The land and property transactions associated with the project are in accordance with Estate code and the Capital Accounting Manual

- The Enabling Funds made available by the Department of Health, which have been used in support of the project, have been utilised in accordance with the relevant guidance.
- The recurrent revenue funding of the scheme requires a further £263,000 to be approved. As a result of the sale of the existing site there will also be a significant capital receipt of £775,000, which can be used for other capital schemes within the PCT.
- The Board are the final approving organisation as the costs of the Richmond Primary Care Centre scheme are within the delegated financial limits laid down by the Department of Health.

6.1.5 Approval

The Board are asked to approve the Richmond Primary Care Centre Full Business Case

7.0 APPENDICES

- 7.1 Appendix A: Strategic Health Authority Letter of PCT Delegated Limit
- 7.2 Appendix B: Strategic Service Development Plan
- 7.3 Appendix C: Scattergram of Practice Populations
- 7.4 Appendix D: Scheme Floor Plans & Scheme Elevation Drawings
- 7.5 Appendix E: Site Plan and photographs
- 7.6 Appendix F: Condition Surveys of Existing Premises
- 7.7 Appendix G: Letters of Intent form sub-lease holders
- 7.8 Appendix H: Functional Areas and Weightings
- 7.9 Appendix I: EBPCT Trust Board Minutes April 05
- 7.10 Appendix J: Derogations/Variations to Version 5 DoH documentation
- 7.11 Appendix K: Report on Balance Sheet Treatment (Ernst and Young)
- 7.12 Appendix L: Confirmation of Balance Sheet Treatment (Audit Commission)
- 7.13 Appendix M: Customs & Excise confirmation of VAT Recovery
- 7.14 Appendix N: Technical Team Review of Capital, FM and Lifecycle Costs
- 7.15 Appendix O: District Valuer Report
- 7.16 Appendix P: Risk Register
- 7.17 Appendix Q: Benefits and Realisation Plan
- 7.18 Appendix R: AEDET Report
- 7.19 Appendix S: NEAT Report
- 7.20 Appendix T: Glossary of Terms