

Background

4. Cramond Medical Practice provides General Medical Services (GMS) from its surgery in Cramond Glebe Road, Edinburgh. The Practice serves a list size of 8,954 patients. The practice population is notable for the very high proportion of frail and elderly patients it services (13.5% are over 75 years of age, compared to an Edinburgh average of 7.02%).
5. The patient list size has increased by 500 over the previous five years. The list is expected to expand further because of the development of some new housing and care home facilities in the vicinity.
6. The layout of the surgery is poor with three consulting rooms located on the upper floor with no lift access. There is a large area of underused space behind reception and at the same time two small and separate enclosed waiting areas. Several of the existing clinical rooms are not compliant with current healthcare standards.
7. The property is owned by Assura PLC and leased to the Practice. In 2017 the lease came up for renewal and for some time there was uncertainty whether the Practice would agree to the terms on offer; in the event several of the Practice partners resigned but two remaining partners agreed to a lease extension for a period of 21 years.
8. As part of the lease negotiations, Assura agreed to provide the Practice with £157.5K of which £57.5K was identified to address specific dilapidations and the remainder to make improvements to the functionality of the property. Assura commissioned an architect to work with the Practice and develop a scheme to improve the property. This is presented in the Business Case.
9. NHS Lothian previously approved in 2015 an Initial Agreement that made the case for investment to upgrade several GP premises in Edinburgh under the title of Intermediate Schemes. So far Liberton and South Queensferry surgeries have been upgraded through this programme leaving a figure of £780K remaining in the approved budget.
10. It should be noted that Edinburgh Health and Social Care Partnership (EHSCP) "Population Growth and Primary Care Premises Assessment 2016-2026" assumes that GMS services in Cramond will continue to be provided from the existing surgery for the time span of that report.
11. Furthermore, the introduction of the new GP contract will result over time in NHS Lothian taking on responsibility for the lease of GP premises and as such investment in the property now will underpin its long-term suitability for the provision of primary care services.

Main report

12. The proposal involves relocating clinical rooms currently on the first floor to the ground floor and in doing so provide space for the office functions now on the ground floor to move upstairs. By rationalising the use of space on the ground floor area the practice will gain three additional consulting rooms.
13. Estimated costs for the work have been provided by NHS Lothian term contractors with special attention paid to the need to reposition the IT and telephony services.
14. The benefits of the plan include an increase in primary care capacity through the creation of additional clinical facilities, a more efficient division of patient facing and back office space and improved access to treatment areas by disabled patients.
15. Additionally, the Practice has undertaken to keep its list open for new patients moving into its catchment area through nearby housing and care home development.
16. The project will be procured through a capital grant to the Cramond Medical Practice. To comply with procurement rules three tender returns will be sought before contracting the work.

Key risks

17. The constraints of inadequate GP premises are an identified list in EHSCP's section of NHS Lothian's risk register.

Financial implications

18. The project will require a capital investment of £266,000 including VAT from NHS Lothian.
19. There are no revenue implications arising from this project.

Implications for Directions

20. The Integration Joint Board has issued direction EDI_2017/18_4 Primary Care, which includes the following:

4d) *produce business cases that support the need for capital investment based on agreed priorities*

Equalities implications

21. The project will allow all patients to be treated in clinical rooms that are accessible for people with impaired mobility and other disabilities.

Sustainability implications

22. The longer-term use of the surgery is enabled by additional funding supplied by Assura PLC to the practice will also be used to address defined dilapidations in the building.

Impact on plans of other parties

23. Because of the peripheral location of Cramond relative to the city of Edinburgh there are no other practices affected by this proposal

Background reading/references

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Appendices

Appendix 1

Cramond Surgery Upgrade Standard Business Case



Cramond Surgery Upgrade

NHS Lothian Standard Business Case

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Date Published: 10th July 2018
Version: 1

Contents

1. <u>Executive Summary and Purpose</u>	
1.1. <u>Introduction</u>	
1.2. <u>Organisational Overview</u>	
1.3. <u>Business Strategy and Aims</u>	
1.4. <u>Investment Objectives</u>	
2. <u>The Strategic Case</u>	
2.1. <u>Existing Arrangements</u>	
2.2. <u>Business Needs</u>	
2.3. <u>Potential Scope and Service Requirements</u>	
2.4. <u>Benefits</u>	
2.5. <u>Strategic Risks</u>	
2.6. <u>Constraints and Dependencies</u>	
3. <u>The Economic Case</u>	
3.1. <u>Critical Success Factors (CSFs)</u>	
3.2. <u>Options</u>	
3.3. <u>Preferred Way Forward and Short Listed Options</u>	
4. <u>The Commercial Case</u>	
4.1. <u>Outline Commercial Case</u>	
4.2. <u>Procurement Strategy</u>	
4.3. <u>Service Requirements</u>	
5. <u>The Financial Case</u>	
5.1. <u>Outline Financial Case</u>	
5.2. <u>Capital Affordability</u>	
5.3. <u>Revenue Affordability</u>	
5.4. <u>Conclusion</u>	
6. <u>The Management Case</u>	

1. Executive Summary and Purpose

This standard business case seeks the approval of NHS Lothian for the award of a capital grant to Cramond Medical Practice which will be used to make improvements to its premises.

If granted it will enable the Practice to improve delivery of primary care services and at the same time increase capacity to meet the needs of a growing patient population.

The premises are at the present time in need of improvement. The clinical rooms are poorly situated on two levels and several of the rooms are too small and not compliant with current standards.

The property is leased by the Practice from Assura PLC. In April 2017 the Practice agreed to a lease extension of 21 years. At the time several partners expressed their reluctance to renew the lease but were re-assured by the understanding that Edinburgh Health & Social Care Partnership (EHSCP) would support the Practice in its efforts to improve the property.

During the negotiations Assura PLC offered to provide capital funding of £157.5K to address dilapidations and contribute to the cost of improvement works. The prospect of significant physical improvements to the surgery encouraged two of the remaining partners to agree to the lease renewal.

When the complete the project will achieve the following outcomes:

- Create an additional three consulting rooms to in the surgery
- Make all consulting rooms compliant for disabled access
- Rationalise the use of space to improve business efficiency
- Provide a stable base for the long-term delivery of primary care services to the Cramond community.

The total capital costs of the project, excluding dilapidations are £366K, based on contractors estimates, of which £100K will be sourced from Assura PLC, and the remaining sum of £266K which will be funded in the form of a capital grant. There are no revenue implications for NHS Lothian arising from the project.

1.1. Introduction

The purpose of this Standard Business Case is to seek approval for the award of a capital grant to Cramond Medical Practice to upgrade its surgery located at 2 Cramond Glebe Road, Edinburgh.

1.2. Organisational Overview

Cramond Medical Practice provides General Medical Services to almost 9,000 patients who reside in the north west periphery of Edinburgh.

Business Strategy and Aims

1.3. National Strategic Context

The Scottish Government is offering a new General Practice contract which seeks to underpin the provision of Primary Care services in Scotland.

There are growing sustainability pressures facing general practice across Scotland. Some of those pressures are attributable to issues related to GP premises, including: financial liabilities, recruitment challenges and whether premises are fit for purpose.

Furthermore, NHS Board funded costs associated with GP premises are increasing at a level which is difficult to sustain. To achieve the Scottish Government's intention to shift care out of hospitals and into local communities, there is a need to support and build the infrastructure required to enable general practice to provide this care.

1.4. Local Strategic Context

Our Health, Our Care, Our Future” sets out how NHS Lothian intends to shape its future services to help people live longer and healthier lives. The role to be played by General Practice in achieving this is recognised. The strategy states that increased capacity in primary care is required to support the shift in the balance of care, provide for the growth in patient numbers and meet the aspirations of a sustainable high-quality service.

Expanding General Practice capacity forms a key part of facilitating delivery of general medical services in areas that are subject to rising demand arising from new housing development.

The strategy now adopted by the Edinburgh IJB has identified four premises options to be pursued in different areas of the city:

- minor premises adjustments
- intermediate property schemes
- full re-provision of existing practices which can also increase capacity.
- establishment of new GP Practices where necessary.

This project forms one of the intermediate schemes in which GP capacity can be expanded through a relatively small level of capital investment.

1.5. Investment Objectives

The investment objectives the project seeks to achieve are:

- To enable Cramond Medical Practice to provide GMS services to an additional 2,000 patients.
- To more closely align General Practice capacity with local population demands.
- To provide a setting for the delivery of primary care services that is safe and accessible
- To deliver projects which are readily achievable within a short timescale.

2. The Strategic Case

2.1. Existing Arrangements

The current situation in Cramond Medical Practice was not described in the 2015 Initial Agreement for Intermediate Schemes (Edinburgh) which secured funding approval of £1.1 million for up to six named GP premises where potential solutions had been identified to increase capacity to meet anticipated population growth.

All proposed projects were each estimated to require a level of investment in the range of £100-£300K.

The Cramond Practice serves a list size of 8,954 patients as of April 2018. The practice population is notable for the very high proportion of frail and elderly patients it serves (13.5% are over 75 years of age, compared to an Edinburgh average of 7.02%).

The surgery in which the Practice operates has at the present time seven consulting and two treatment rooms of which three are not compliant with accepted standards in terms of size.

There is a large reception area which is underused since patient files were recently moved off site. Three of the consulting rooms are on the first floor which is not accessible to patients with limited mobility. There are two separate but confined patient waiting areas with very limited circulation space.

Since this is a property leased by the Practice there is no impact on the Board's existing property assets.

2.2. Business Needs

The property at Cramond Glebe Road is a 30-year-old building which suffers from cramped facilities, poor layout, and unsatisfactory access arrangements. The building is owned by Assura PLC and leased to the Practice.

In April 2017, the Practice agreed to a lease extension of 21 years. At the time several partners expressed their reluctance to renew the lease but were re-assured by the understanding that Edinburgh Health & Social Care Partnership (EHSCP) would support the Practice in its efforts to improve the property.

During the lease negotiations Assura PLC offered £150K to make good dilapidations and contribute to the improvement works. The cost of making good the dilapidations has been estimated at £50K leaving the remainder available for improvements which address the business needs of the Practice.

The Practice patient list has increased steadily over the last few years (net increase of +500 since 2012). Additional demands will be placed on the Practice by the development of one new care home and two nursing homes in the local area.

The Practice is keen to ensure that the premises are improved to provide better care in an environment that promotes a safe and patient centred services. This requires a setting which is well apportioned, compliant with regulations and capable of provide a long term and stable solution to the Practice's needs.

2.3. Potential Scope and Service Requirements

The project deliverables consist of remodelling the ground floor of the existing service to concentrate all clinical functions at that level. This will result in practice administration and business support services relocating to the first floor.

The project will also provide a new integrated ICT cabinet positioned on the first floor and connective infrastructure throughout the work area. There is a separate schedule of dilapidations which are to be funded by Assura and so do not form part of this business case.

Consideration has been given to extending the floor area of the surgery and the installation of a platform lift that could provide disabled access to that level, but these options have been discounted.

Resultant Service Requirements are noted below:

Essential	Desirable
Additional clinical rooms	Integrated IT and telephone system
Adequately sized clinical rooms	New reception desk
DDA compliance for all clinical areas	

2.4. Benefits

The approval of the Initial Agreement pre-dated the requirement to submit a Strategic Assessment. However, the benefits of the project linked to the NHS Scotland Strategic Priorities are presented in the table below.

Key Benefits	Links to Strategic Priorities
Increasing clinical capacity to meet the demands of a rising patient population	Health of population Effective quality of care
Make all consulting rooms DDA compliant for disabled access	Patient Centred Safe
Rationalise space utilisation for patient care	Effective quality of care Safe
Provide long term stability to enable the delivery general medical services in the Cramond area	Value and Sustainability

2.5. Strategic Risks

The key risks for the project are as follows:

Risk	Action
Tender returns are higher than initial estimates	Review the returns and identify possible cost savings
Practice unable to manage the project successfully on its own.	Ensure that the Practice team are supported by NHSL Estates and Capital Planning staff.
Significant disruption during works programme leading to breaks in business continuity	Work closely with the contractors to ensure that disruption is kept to a minimum, by delivering the project in phases, and performing critical works when the surgery is closed.

A full risk register will be developed for the project following in depth surveys and once completed this will be reviewed on a regular basis.

2.6. Constraints and Dependencies

The key constraints to be considered are:

Quality:

1. The final scheme must be compliant with NHS technical and infection control standards.

Funding

2. The key constraint is one of funding. The Practice were advised by EHSCP that whatever option was identified it should be delivered under a budget ceiling of £350K.

Timescales

3. The availability of the Assura PLC financial contribution is time limited and must be spent by April 2020.

Scope

4. The preferred solution must be acceptable the property owners, Assura PLC.

2.7. Preferred Strategic Option

The preferred option is to remodel part of the ground floor area, so all clinical functions are able to be carried out in a location that is easily accessible and move business support activities to the upper floor.

The Initial Agreement did not include specific options for each project but there has been lengthy discussion between the Practice, EHSCP, NHSL Capital Planning and Assura to investigate a range of options before the two options on the shortlist were selected.

3. **The Economic Case**

3.1. Critical Success Factors (CSFs)

A set of benefit criteria have been developed from the strategic objectives and the practical considerations associated with the implementation of the works. Four key non-financial benefits have been identified as critical to the success of the project during the development stage. These are outlined below:

Critical Success Factors	Links to Strategic Priorities
Increasing clinical capacity to meet the demands of a rising patient population	Health of population & Effective Quality of Care
Make all consulting rooms DDA compliant for disabled access	Patient Centred & Safe
Rationalise space utilisation for patient care	Effective quality of care & Safe
Provide long term stability to enable the delivery of primary care services in the Cramond area	Value and Sustainability

3.2. Long-listed Options

The 2015 Initial Agreement did not present long listed options for each of the identified GP premises but instead simply listed the GP premises which were considered as subjects for future business cases. As a result, only a short list is presented in this document.

3.3. Short Listed Options and Preferred Way Forward

The table identifies the short-listed options for this project.

Option	Description
Option 1	<p>Do Minimum</p> <p>This would require £50K of expenditure to address the dilapidations agreed with the property owner;</p> <p>The works include:</p> <ul style="list-style-type: none"> • minor roof repairs • replacement of boiler • refurbishment of entrance lobby <p>This work would be funded in its entirety by Assura PLC</p>
Option 2	<p>Basic Upgrade</p> <p>This option will re-configure half the ground floor layout and so enable the creation of five new clinical rooms on this level; practice administration would move upstairs into two existing clinical rooms resulting in a net increase of three clinical rooms. Other features of the scheme include</p>

	<ul style="list-style-type: none"> • creation of single waiting area rather than the existing two separate areas. • installation of a new integrated IT cabinet to the first floor and rewiring of IT cabling infrastructure • smaller reception area with business support functions relocated to 1F
Option 3	<p>Upgrade with Extension</p> <p>As above with the following additional works</p> <ul style="list-style-type: none"> • extending the building to create additional waiting room space and a new lobby/ entrance area • additional space in the reception area • one extra existing GF treatment room would be enlarged

The table below outlines any advantages or disadvantages over and above those already listed for each of the options:

Options	Advantages	Disadvantages
Option 1	<p>Makes good several building problems in terms of back log maintenance and lifecycle costs</p>	<p>Does not create additional clinical capacity</p> <p>Impairs practice efficiency by not separating clinical and business support space into two distinct zones</p> <p>Impedes disabled access to some consulting and treatment rooms.</p>
Option 2	<p>Creates 3 additional clinical rooms</p> <p>Concentrates clinical and administration functions in different parts of the building</p> <p>Makes the building fully DDA compliant</p> <p>Improves the internal layout of the surgery</p>	<p>Does not increase overall internal floor area</p> <p>Construction works will be moderately disruptive to the smooth running of the practice</p>
Option 3	<p>As above with additional waiting area space and a more spacious reception and entrance lobby</p>	<p>Construction works will be highly disruptive to the smooth running of the practice</p>

3.4. Indicative Costs for the shortlisted options

The indicative capital costs for each of the short-listed options are shown below:

Costs In £ Millions	Do Minimum (£m)	Cramond Upgrade (£m)	Cramond Upgrade and Extension (£m)
BLM/Dilapidation Work Required	0.05	0.05	0.05
Cramond Extension Construction Cost	-	0.36	0.65
Assura PLC Contribution	0.05	0.15	0.15
Whole of life Capital Costs	0.00	0.26	0.55
Whole of life Operating Costs	0.00	0.00	0.00
Total Cost Over Lifecycle (20 Years)	0.00	0.26	0.55
Estimated Net Present Value of Costs	0.00	0.26	0.55
Non-Financial Benefit Score	6	28	33
Net present cost per benefit point	0.00	0.01	0.02
Rank	2	1	3

3.5. Preferred Way Forward

The above table demonstrates that the preferred option on value for money grounds is the basic upgrade of Cramond Surgery which will consist of the following features.

- Creation of five new consulting rooms on the ground floor.
- Conversion of two first floor consulting rooms into offices
- Remodelling reception and waiting area
- Clinical areas fully compliant with Disability Discrimination Act

- Making good identified dilapidations

The project makes use of a third party financial contributions and will provide longer term stability off the Practice operating from this location.

4. The Commercial Case

4.1. Outline Commercial Case

As the overall project will be funded by NHS Lothian in the form of a capital grant to the Practice. It is incumbent on the Practice to adhere to terms Primary Medical Services – Premises Directions 2004, as far as these relate to Improvement Grants.

4.2. Procurement Strategy

The procurement model requires the Practice to appoint the project team which will include an architect and cost adviser, with previous experience on the development of health care premises in Scotland, who are to be nominated by Assura PLC.

NHS Lothian Estates and Capital Planning will provide advice on procurement matters as well ongoing support to ensure that NHS Lothian receives valuations on the work as it progresses.

4.3. Service Requirements

The scope and services under this proposal will be for Cramond Practice to arrange for the design, supply, construction, and ongoing maintenance of the upgraded premises.

4.4. Proposed Scope and Timescale

- Risk allocation

Cramond Medical Practice is responsible owning and managing the risks which arise from the delivery of this project.

- Contractual Arrangements

Cramond Medical Practice will appoint the main contractor following assessment of tender returns. Certificated reports on a monthly basis will be provided by the appointed quantity surveyor to the Practice who will then relay them to NHS Lothian

5. The Financial Case

5.1. Introduction

The Financial Case considers the affordability of the scheme. This section sets out all associated capital and revenue costs, assesses the affordability of the preferred option and considers the impact on NHS Lothian's finances. To make

this assessment an overall financial model has been developed covering all aspects of projected costs, including estimates for:

- **Capital costs for options considered (including construction and equipment);**
- **Recurring revenue costs (pay and non-pay)**

Taking the above into account, the summary position is as shown below:

Costs In £ Millions	Do Minimum	Cramond Upgrade	Cramond Upgrade & Extension
Capital Costs (Inc Dilapidations)	0.05	0.41	0.70
Assura PLC Contribution	0.05	0.15	0.15
Total NHS Lothian Capital Costs	0.00	0.26	0.55

5.2. Capital Cost Components

The total capital cost comprises the construction & dilapidation costs shown in the table below have been provided as estimates by approved NHS Lothian term contractors for general building works and ICT installation, plus all other costs directly related to the development (mainly relating to equipment and fees).

5.3. Total Capital Cost

The overall capital cost to NHS Lothian for the preferred option amounts to £0.26m. These costs are detailed below:

Project Costs	Cramond Upgrade (£m)
Construction (Inc ICT Cabinet)	0.24
Dilapidations	0.05
Professional Fees	0.02
Equipment	0.02
Optimism Bias	0.02
VAT	0.06
Total Capital Costs	0.41
Assura PLC Contribution	0.15
NHS Lothian Capital Costs	0.26

5.4. Assumptions

Several assumptions have been made in relation to the capital costs.

These are set out below:

Cost	Assumption
Funding	Funding assumed to be traditional capital funding, through the Capital Resource Limit, therefore no borrowing costs included.
VAT	VAT on construction costs is assumed to be irrecoverable, except for professional fees. Estimates of VAT recoverability on other costs will be reviewed by VAT advisors
Equipment	Equipment requirements have been calculated using the activity database (ADB)
Risk	A contingency for risk has been calculated at 10% of construction costs
Building Regulations	Construction costs are based on 2018 Building Regulations

5.5. Revenue Costs

There are no revenue implications associated with this project.

5.6. Accounting Treatment

As the asset is owned by a third party, construction costs will be treated as a capital grant and written off to the Statement of Comprehensive Net Expenditure (SOCNE). There is therefore no depreciation on the construction costs.

Other costs incurred by NHS Lothian directly (e.g. fees, equipment) will be assessed individually and capitalisation treatment undertaken accordingly.

5.7. Statement of Affordability

The capital funding requirement will be subject to approval from NHS Lothian through submission of the standard business case to the Lothian Capital Investment Group (LCIG)

6. **The Management Case**

6.1. Outline Management Case

Since this project is one which entails the award of a capital grant to an independent General Practice, NHS Lothian needs to be confident that the project team can deliver the project successfully.

6.2. Project Management Methodology and Structure

A single project team will be established consisting of Drs Donald and Lazaru from Cramond Medical Practice, the architect (Steve West Partnership) and cost advisor (CBA) and the main contractor (when appointed). NHS Lothian Estates will perform an advisory role to the Practice where necessary.

6.3. Project Plan and Key Milestones

Proposed Timescales		
Task/Action	Start Date	Completion Date
Submission of SBC to IJB	September 2018	
Submission of SBC to LCIG	October 2018	
Preparation of tender documentation	Start November 2018	Mid October 2018
Tender period	January 2019	February 2018
Appointment of contractor	February 2018	
Mobilisation	March 2019	
Construction on site	Start April 2019	End July 2019

6.4. Change Management Arrangements

Any changes to the agreed scheduled of works must be agreed with NHS Lothian in advance of the change being implemented.

6.5. Benefits Realisation

This project is reasonably straightforward, and the benefits are relatively simple to measure. Information on patient registrations is collected on a quarterly basis.

6.6. Risk Management

The project team will adopt a low tolerance approach to emerging risks especially those which may result in cost overruns or breaks to business continuity and mitigate accordingly.

6.7. Commissioning Management

Assura PLC has already nominated an architect and quantity surveyor to provide initial advice on this project.

The Practice will approve the tender documentation prepared by the project architect and invite returns from at least three named contractors on the NHS Lothian Estates framework. Commissioning will occur following scrutiny of the tender returns by the appointed quantity surveyor.

6.8. Project Evaluation

The EHSCP Primary Care Team supported by NHSL Capital Planning and Estates, will, if desired by NHS Lothian, produce a report on the outcome of the project including an outline of the lessons learnt.