



**GIG**  
CYMRU  
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WALES

Bwrdd Iechyd Prifysgol  
Aneurin Bevan  
University Health Board

## **DEVELOPMENT OF HEALTH AND WELL-BEING SERVICES IN NEWPORT EAST**

### **FULL BUSINESS CASE**



**Version No 4 – December 15th 2021**

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# FULL BUSINESS CASE - EXECUTIVE SUMMARY

## 1.0 Background

- 1.1 The purpose of this Full Business Case (FBC) is to confirm the case for change and the preferred option to develop Health and Well-being services in Newport East.
- 1.2 The preferred way forward involves the construction of new Health and Well-Being Centre on the site of the existing Ringland Health Centre utilising additional land owned by Newport City Council.
- 1.3 The estimated capital cost of the new Health & Wellbeing Centre is £27.461million.
- 1.4 The project has been developed in the context of the **Wellbeing of Future Generations Act 2015** which requires the Health Board to apply the following five ways of working to its decision making:

<b>Long Term Thinking</b> – This project will significantly influence the longer term delivery and sustainability of health services in Newport East
<b>Integration</b> – The project has been planned and designed as a fully integrated Health and Well Being Centre
<b>Involvement</b> – There has been extensive engagement with other public sector bodies, staff, users and the wider public.
<b>Collaboration</b> – The project has been planned and designed with the Local Authority, Third Sector and Health Board staff
<b>Prevention</b> – One of the key aims of the Health and Well Being model is to facilitate, via integrated working, the prevention of ill health

## 2.0 The Strategic Case

### Part A – Strategic Context

2.1 The project has been developed in the context of clear National Policy and Strategy relevant to the development of Health and Well-Being services and more particularly to the ongoing development of Primary, Community, Social and out-of-hospital care.

2.2 **'A Healthier Wales'** sets out a long term, future vision of a whole system approach to health and social care which is focussed on health and wellbeing and on preventing illness. The ambition is for the continued development of a seamless, integrated system of health and social care, predicated on a place based approach to service delivery, to improve service sustainability, quality and safety and to improve population wellbeing. The delivery of a seamless system of health, care and wellbeing will continue to be through the framework to direct resources and service redesign across the following four tiers:



2.3 ***The Social Services and Wellbeing (Wales) Act*** and ***Wellbeing of Future Generations (Wales) Act 2015*** provide an enabling legislative framework which requires the Health Board and partners to work collaboratively in an integrated way across the whole system, involving the public in developing long term solutions to prevent avoidable illness and provide sustainable services in the future.

2.4 The Health Board's approved ***Integrated Medium Term Plan*** for the next three years is a statement of the Health Boards' ambition, working with partners, to improve the health and wellbeing of the population through services delivered closer to home.

2.5 Through the ***Clinical Futures Level 1*** programme of service transformation and the Gwent Area Plan, the Health Board will build on the foundations already in place to drive forward system change at pace in primary and community care, CAMHS and hospital discharge.

2.6 The five ***Public Service Boards*** across Gwent have each agreed a Wellbeing Plan, all of which reflect, where relevant, aspects of the Health Board's individual Wellbeing Objectives. The Health Board members of the five Public Service Boards (PSBs) are taking an active role in leading PSB programmes of work to give children the best start in life, to promote good child and adolescent mental wellbeing, to enable people to live healthy lives to prevent avoidable disease and to enable people to age well.

2.7 The ***Gwent Regional Partnership Board*** has secured additional funding provided by the 'A Healthier Wales: National Transformation Fund' to fund the Gwent RPB transformation programme. With this funding, the Health Board is working in partnership with social services, housing and third sector partners across Gwent to deliver a transformational improvement programme which will start to build the sustainable foundations required to achieve a system shift to a seamless system of care and wellbeing, with more care provided closer to home.

2.8 The Health Board is implementing the new model of Primary Care with increasing pace consistent with the national ***Strategic Programme for Primary Care***. The new model of Primary Care will further develop the "Hub" model. Typically, these "Hubs" will contain the following services:

- Independent contractors
- Integrated
- Service Team
- Social Care Services
- Direct-access therapies and patient education groups
- Care Navigation
- More consultations through the Common Ailments Scheme as an alternative to a GP appointment

- Increased routine dental access

2.9 The “Hub” model is being further developed to include “**Specialist and Enhanced Services**”, therefore shifting demand from secondary care to primary care and place based care, is also progressing.

### Part B – The Case for Change

2.10 The agreed Investment Objectives for this project are as follows:

<b>Investment Objective 1</b>	To support the co-location and further collaboration of Ringland Medical Practice and Park Surgery
<b>Investment Objective 2</b>	To support the increased provision and improved integration of Health and Well Being Services within Newport East NCN
<b>Investment Objective 3</b>	To address the significant estate infrastructure issues that exist within the Newport East NCN
<b>Investment Objective 4</b>	To support the effective use of clinical and non-clinical resources that are delivered within Newport East NCN

### 3.0 Economic Case

3.1 As with the Strategic Case factors contributing to the Economic Case have also not changed since submission of the OBC.

3.2 A full Economic Appraisal was undertaken in the OBC the overall results of which are shown in the table below:

	Option 1- Business as Usual	Option 2 - “Do Minimum”	Option 3 - New Build
Evaluation Results			
GEM Economic Appraisal	1	2	3
Non-Financial Benefits Appraisal	3	2	1
Revenue Risk Appraisal	3	1	1
<b>Overall Rank</b>	<b>3</b>	<b>1</b>	<b>1</b>

3.3 Option 3 is still the preferred option by virtue of the fact that is the only option that meets the investment objectives of the project. Option 1 does nothing to address existing service deficiencies in the Newport East area and Option 2 does nothing to integrate services and to provide a broader / expanded range of local health care provision.

3.4 The Financial Case in section 5.0 is based on the capital costs and revenue costs of Option 3.

## 4.0 The Commercial Case

4.1 The Commercial Case sets out the overall approach the Health Board has taken to ensure there is a competitive market for the supply of services.

4.2 The procurement route involves the construction of a purpose built HWBC on the Ringland Health Centre site, funded through centrally funded public sector capital, utilising The Designed for Life: Building for Wales 4 Regional Framework (D4L:BfW4). This method of capital procurement implements the Welsh Government's construction policy to ensure the scheme complies with best practice models of procurement based on long-term strategic partnerships.

4.3 In accordance with the requirements of this Framework and the business case process a "cost not to be exceeded" has been agreed with the Supply Chain Partner, Kier Construction, for the construction of the proposed new HWBC.

## 5.0 The Financial Case

5.1 This sets out the financial impact of the investment proposal from a capital and revenue perspective and assesses overall affordability.

### Capital Costs

5.2 The preferred option is Option 3, the construction of a new HWBC on the Ringland Health Centre site utilising adjacent land that will be purchased from Newport City Council.

5.3 The updated capital costs are highlighted in the table below and these are compared with the OBC approved costs updated for inflation:

	<b>FBC Option 3 - New Build HWBC £000</b>	<b>OBC Approved Option 3 (updated for inflation) £000</b>
Works Cost	18,446	15,367
Fees	2,301	2,453
Non-Works	1,270	2,434
Equipment	542	423
Contingency	602	2,068
<b>Total Option Costs</b>	<b>23,161</b>	<b>22,745</b>
VAT	4,632	4,549
VAT Recovery on fees	(332)	(105)
<b>Total Capital Cost</b>	<b>27,461</b>	<b>27,189</b>

5.4 In the table above, the approved OBC sum has been uplifted for inflation. The FBC "cost not to be exceeded" is 1% (£272k) higher than this uplifted OBC sum due to a number of factors. These include the design changes to the building following Planning consultation, the inflation allowance being higher due to the nature of a Fixed Price contract, upgraded M&E elements compared to OBC, and the programme prolongation

and increased construction costs as a result of the enabling works package not being approved at OBC stage.

## Revenue Costs

5.5 The table below summarises the revenue costs associated with the preferred option compared to the existing ABUHB costs and the estimated costs of "Doing Nothing", excluding depreciation and impairment:

FBC Financial Case	Current Expenditure Incurred	"Do nothing" option	Public Sector Capital Build of Integrated GMS, Health and Wellbeing Centre
<b>GMS Non Pay Practice Costs</b>		<b>Option 1</b>	<b>Option 3</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent	25	25	0
Rates	19	19	21
Other Non-pay (, maintenance, utilities, security, cleaning)	45	45	41
<b>Total GMS Costs</b>	<b>89</b>	<b>89</b>	<b>62</b>
<b>Other H&amp;WC Running Costs</b>			
Workforce ( <b>Non-GMS</b> )	0	0	58
GDS additional contract costs	0	286	286
CDS additional chair costs	0	0	35
Rates	22	22	99
Overhead running cost (excluding rates)	65	65	254
<b>Total of Other Running Costs</b>	<b>87</b>	<b>373</b>	<b>732</b>
<b>Total Costs (Non Pay GMS Cost &amp; Other H&amp;WC Running Costs)</b>	<b>176</b>	<b>462</b>	<b>794</b>
Income from Independent Contractors (rates, maintenance, cleaning, utilities)	8	8	53
Rent from Independent Contractors	0	0	16
<b>Total Income</b>	<b>8</b>	<b>8</b>	<b>69</b>
<b>Net Cost to the ABUHB</b>	<b>168</b>	<b>454</b>	<b>725</b>

5.6 The revenue costs presented are based on 2020/21 price levels and have been derived from a detailed analysis undertaken on:

- Clinical and service models
- Workforce requirements
- Estate and Non-pay implications
- Independent Contractor status and anticipated income from lease rentals and service charges

5.7 They assume that:

- Four existing health care facilities in Newport will close i.e. Ringland Health Centre, Park Surgery practice, Alway Clinic and Clytha Clinic
- Income will be received for General Dental services to cover rent, rates, utilities and maintenance
- The practices will not merge in the foreseeable future.
- Income will be received from GMS services to cover rates, utilities and maintenance.
- The above includes an emerging cost pressure of £286k relating to the GDS contract value which needs to increase in tandem with a projected increase in activity. Whilst this has been included for completeness it should be noted that this cost pressure exists now and is not directly related to the proposed new building itself.
- An Operational Manager will be appointed to manage the new facility employed by ABUHB

5.8 To cover the £0.271m increase (£0.557m including additional GDS requirement) in recurrent revenue expenditure, approval for additional budget funding will be required as follows:

- Primary Care and Community Services - £0.274m (including £0.286m relating to GDS)
- Estates and Facilities - £0.244m
- ICT and other - £0.038m

5.9 The net additional costs with the new building will need to be accommodated within the Divisional revenue plans from 2024 linked to the IMTP process.

5.10 The benefits realisation plan will be analysed and used in order to facilitate non-cash releasing benefits and provide efficiencies using a value-based healthcare approach where possible to mitigate the costs indicated above.

## 6.0 The Management Case

6.1 The HWBC project is being managed in accordance with the requirements of the All Wales Designed for Life: Building for Wales Framework, the NHS capital investment manual and PRINCE 2 methodology. The HWBC project has a dedicated Project Team that reports to the Primary Care and Community Estates Programme Board which in turn reports to the Health Boards Strategic Capital and Estates Work stream.

6.2 Key Project Roles have included the following:

- Senior Responsible Owner – Nick Wood Executive Director of Primary, Community and Mental Health Services
- Project Director – Andrew Walker Strategic Capital and Estates Programme Director
- Service / Clinical Lead – Dr Graeme Yule NCN Lead

6.3 The high level project plan is set out in the following table:

<b>Milestone</b>	<b>Date</b>
Submission of FBC to WG	January 2022
WG Approval	March 2022
Start on Site Enabling Works	April 2022
Start on Site Main Construction	September 2022
Construction Completion	August 2024

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## 1.0 INTRODUCTION

### Purpose of Business Case

1.1 The purpose of this Full Business Case (FBC) is to:

- Confirm that the case for change and the preferred option as set out in the approved Outline Business Case (OBC) are still relevant and that no significant changes have occurred since OBC approval.
- Confirm that no significant changes have been necessary to the Economic Case
- Confirm that a "cost not to be exceeded" has been agreed with the Supply Chain Partner in the sum of £27.461 million.
- Confirm that the preferred option involves the construction of new Health and Well-Being Centre on the site of the existing Ringland Health Centre.

### Structure of Document

1.2 This FBC has been prepared using the agreed standards and format for Business Cases, as set out in:

- HM Treasury Guide to Developing the Project Business Case 2018
- NHS Wales Infrastructure Planning Guidance (2015)
- HM Treasury, the Green Book: Appraisal and Evaluation in Central Government: Treasury Guidance (2003).
- Public Sector Business Cases using the Five Case Model: A Toolkit Guidance and Templates (2007)

1.3 The approved format is the 5 Case Model, which comprises of the following key components:

- The **Strategic Case** which sets out the Strategic Context and the Case for Change, together with the supporting investment objectives for the Scheme.
- The **Economic Case** which demonstrates that ABUHB has selected a *preferred way forward*, following evaluation of a number of alternative solutions, which best meets the existing and future needs of the Service and is likely to optimise Value for Money (VFM).
- The **Commercial Case** which outlines the potential procurement strategy.
- The **Financial Case** which addresses the capital and revenue implications and the issue of affordability.
- The **Management Case** which demonstrates that the scheme is achievable and can be successfully delivered in accordance with accepted best practice.

## 2.0 THE STRATEGIC CASE

**The Strategic Context and the associated Case for Change has not changed since submission and approval of the Outline Business Case and is summarised below for completeness.**

### PART A - THE STRATEGIC CONTEXT

#### 2.1 Organisational Overview

2.1.1 Aneurin Bevan University Health Board was established in October 2009 and achieved 'University' status in December 2013.

2.1.2 We serve an estimated population of over 639,000, approximately 21% of the total Welsh population. Approximately 30 per cent of the population live in the Caerphilly local authority area and 25 per cent live in the Newport local authority area.

2.1.3 With a budget of **£1.281 billion** we deliver healthcare services to people in Blaenau Gwent, Caerphilly, Monmouthshire, Newport, and Torfaen and also provide some services to the people of South Powys.

2.1.4 The Health Board covers diverse geographical areas and had to take account of a mix of rural, urban and valley communities. The valleys experience high levels of social deprivation, including low incomes, poor housing stock and high unemployment.

2.1.5 The Health Board employs 11,252 staff (October 18) and is the largest employer in Gwent. The staff group has remained relatively unchanged in the last year. The largest staff group are Nursing & Midwifery at 30% of the total workforce followed by additional Clinical services at 20%.

#### Services

2.1.6 The Health Board provides a comprehensive range of acute hospital based, Community based, Mental Health and Primary Care services via a large and complex estate consisting of the following:

- 4 Acute Hospitals – Grange University Hospital, Royal Gwent, Nevill Hall, Ysbyty Ystrad Fawr
- 5 Community Hospitals - County, Ysbyty Aneurin Bevan, St Woolos, Chepstow and Monnow Vale
- 4 Mental Health Hospitals - St Cadoc's, Llanfrechfa, Maindiff Court, Ysbyty'r Tri Chwm
- 8 Locality based Mental Health Units and 1 Residential Unit on LGH site, 4 unoccupied units across Gwent.
- 30 Locality based Community clinics

2.1.7 In-patient acute and community beds across the above sites total 1,551 broken down as follows:

	<b>RGH</b>	<b>NHH</b>	<b>YYF</b>	<b>SWH</b>	<b>YAB</b>	<b>County</b>	<b>Chepstow</b>	<b>M. Vale</b>
<b>In-patient beds</b>	695	401	164	100	94	48	32	19

2.1.8 The University Health Board contracts with independent practitioners in respect of primary care services which are delivered by General Practitioners, Opticians, Pharmacists and Dentists. Outside of normal practice hours the University Health Board has responsibility for and provides an Out of Hours Primary Care Service.

2.1.9 There are 281 WTE General Practitioners and Salaried GPs providing general medical services from 72 General Practices. Supporting these are 194.8 WTE practice nurses, 156.8 health care support workers 689.7 WTE administrative staff, including practice managers, receptionists, secretaries and IT officers. Around 375 General Dental Practitioners provide general dental services from 79 practices. There are 131 Community Pharmacies and 69 Optometry premises across the University Health Board. The distribution of these services is set out below:

Locality	General Practice	Community Pharmacies	Dental	Optometry	CRTs	DNs	Specialist
Blaenau Gwent	11	16	10	11	1	Work across all areas	Complex Care Team, Palliative Care Team
Caerphilly	21	44	23	20	1		
Monmouthshire	12	18	13	14	1		
Newport	17	32	18	15	1		
Torfaen	11	21	15	9	1		
<b>Total</b>	<b>72</b>	<b>131</b>	<b>79</b>	<b>69</b>	<b>5</b>	<b>29</b>	

2.1.10 A wide and growing range of community based services are increasingly being delivered in patient's homes, through community hospitals, health centres and clinics. There are a number of smaller community hospitals, integrated health and social care centres, and health centres providing important clinical services to our residents closer to home.

2.1.11 The University Health Board also provides comprehensive Mental Health and Learning Disabilities services in both hospital and community settings to the population of Gwent and South Powys

## **Population Projections**

2.1.12 Projections indicate that if current trends continue, the number of persons aged 65 and over resident in the UHB area will increase by almost 60% by 2033. The proportion aged 75 and over is projected to increase from around 7% to 10% at local authority level to around 11% to 19% over this period, the sharpest increases being in Monmouthshire and Torfaen. At local authority level, the percentage aged 85 and over

is projected to double from between 2% and 3% to between 5% and 8% by 2033, with the exception of Monmouthshire where a sharper increase is projected with the proportion set to treble in size.

2.1.13 The increase in the number of older people is likely to be associated with a rise in long-term conditions whose prevalence is strongly age-related, such as circulatory and respiratory diseases and cancers. Meeting the needs of these individuals will be a key challenge for the University Health Board. In the current economic climate, the relative (and absolute) increase in economically dependent and, in some cases, care-dependent populations will pose particular challenges to communities.

## 2.2 Alignment to Existing Policies and Strategies

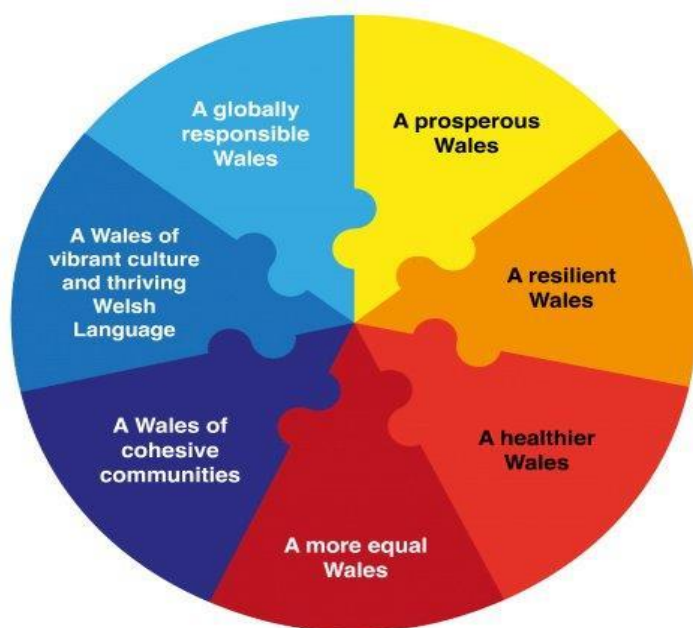
2.2.1 The project has been developed in the context of clear National Policy and Strategy relevant to the development of Health and Well-Being services and more particularly to the ongoing development of Primary, Community, Social and out-of-hospital care.

2.2.2 '**A Healthier Wales**' sets out a long term, future vision of a whole system approach to health and social care which is focussed on health and wellbeing and on preventing illness. The ambition is for the continued development of a seamless, integrated system of health and social care, predicated on a place based approach to service delivery, to improve service sustainability, quality and safety and to improve population wellbeing. The delivery of a seamless system of health, care and wellbeing will continue to be through the framework to direct resources and service redesign across the following four tiers:



2.2.3 **The Social Services and Wellbeing (Wales) Act** and **Wellbeing of Future Generations (Wales) Act 2015** provide an enabling legislative framework which requires the Health Board and partners to work collaboratively in an integrated way across the whole system, involving the public in developing long term solutions to prevent avoidable illness and provide sustainable services in the future. The **Wellbeing of Future Generations (Wales) Act** established 7 National goals as illustrated below:

Figure 1 WoFGA 7 Goals



2.2.4 The Health Board's approved **Integrated Medium Term Plan** for the next three years is a statement of the Health Boards' ambition, working with partners, to improve the health and wellbeing of the population through services delivered closer to home.

2.2.5 Through the **Clinical Futures Level 1** programme of service transformation and the Gwent Area Plan, the Health Board will build on the foundations already in place to drive forward system change at pace in primary and community care, CAMHS and hospital discharge.

2.2.6 The five **Public Service Boards** across Gwent have each agreed a Wellbeing Plan, all of which reflect, where relevant, aspects of the Health Board's individual Wellbeing Objectives. The Health Board members of the five Public Service Boards (PSBs) are taking an active role in leading PSB programmes of work to give children the best start in life, to promote good child and adolescent mental wellbeing, to enable people to live healthy lives to prevent avoidable disease and to enable people to age well.

2.2.7 The **Gwent Regional Partnership Board** has secured additional funding provided by the 'A Healthier Wales: National Transformation Fund' to fund the Gwent RPB transformation programme. With this funding, the Health Board is working in partnership with social services, housing and third sector partners across Gwent to deliver a transformational improvement programme which will start to build the sustainable foundations required to achieve a system shift to a seamless system of care and wellbeing, with more care provided closer to home.

2.2.8 The Health Board is implementing the new model of Primary Care with increasing pace consistent with the national **Strategic Programme for Primary Care**. The new model of Primary Care will further develop the "Hub" model. Typically, these "Hubs" will contain the following services:

- Independent contractors

- Integrated Service Team
- Social Care Services
- Direct-access therapies and patient education groups
- Care Navigation
- More consultations through the Common Ailments Scheme as an alternative to a GP appointment
- Increased routine dental access

2.2.9 The “Hub” model is being further developed to include **“Specialist and Enhanced Services”**, therefore shifting demand from secondary care to primary care and place based care, is also progressing.

## 2.3 Health Board Estate Strategy

2.3.1 The Estate Strategy was approved by the Health Board in January 2019. Due to the large and complex nature of the Health Board estate, the Estate Strategy was developed under the following service headings:

- Acute Hospital Services
- Community Hospital Services
- Mental Health Hospital based Services
- Primary and Community Care Services
- Leased / non-clinical Services

2.3.2 The following is an overview of key financial and six facet information for the Primary / Community based owned estate and Community based Mental Health services:

• <b>Property Asset Value</b>	-	<b>£26 million (Existing use NBV)</b>
• <b>Total floor area of</b>	-	<b>20,275 m2</b>
• <b>Total Operating cost</b>	-	<b>£1.28 million per annum</b>
• <b>Cost per metre</b>	-	<b>£63 (Carter Median £331)</b>
• <b>High/Significant Backlog</b>	-	<b>£1.220 million</b>
• <b>Underused Estate</b>	-	<b>26.29% (m2)</b>
• <b>Empty Estate</b>	-	<b>6.19% (m2)</b>
• <b>Maintenance Costs</b>		<b>£42,500 (£2.10 per m2)</b>
• <b>Energy Consumption</b>		<b>6.8 million kWh</b>

2.3.3 The above data relating to the owned estate includes 26 Locality based clinics, 8 Locality based Mental Health Units and 5 Residential Units. Whilst the above data relates to the Health Board owned estate our understanding of the condition, utilisation, etc., of the GP owned estate has since been improved via the completion of a Six-Facet Estate review.

2.3.4 Leased accommodation includes recently completed Primary Care Resource Centres in Brynmawr, Blaenavon and Rhydney.

2.3.5 In the context of the clear policy and strategic direction outlined above in section 2.1 and 2.2 and the Six Facet Survey information, the Estate Strategy concluded that the following two Strategic Objectives should be taken forward for the Primary/Community and Community based Mental Health estate:

**Strategic Objective 13 - Review location, content, condition and utilisation of existing Primary Care, Community Care and Mental Health Community based facilities in each NCN area in the context of other ABUHB/Public Sector facilities and the above clinical strategy.**

**Strategic Objective 14 - Following the above review to produce a costed and prioritised plan for the creation of the proposed "Hubs" and other proposed service changes utilising the existing estate as far as is possible.**

2.3.6 The above Strategic Objectives have been met by the Primary care Division and the construction of a new HWBC in Newport East is identified as a priority within the completed Primary Care Estates Strategy.

## **Part B – The Case for Change**

2.3.7 The agreed Investment Objectives for this project are as follows:

<b>Investment Objective 1</b>	To support the co-location and further collaboration of Ringland Medical Practice and Park Surgery
<b>Investment Objective 2</b>	To support the increased provision and improved integration of Health and Well Being Services within Newport East NCN
<b>Investment Objective 3</b>	To address the significant estate infrastructure issues that exist at the Newport East NCN
<b>Investment Objective 4</b>	To support the effective use of clinical and non-clinical resources that are delivered within Newport East NCN

## **2.4 Existing Arrangements**

### **Current GMS Services**

2.5.1 General Medical Services for a population of approximately 15,142 patients are currently being provided by two well established General Practitioner Practices within Newport East, Ringland Health Centre and Park Surgery.

### **Park Surgery**

2.5.2 The surgery is a two storey house, which is situated in Chepstow Rd Newport. The building is owned by the existing GP Partner. The building consists of rooms occupied by the GPs, Practice Nurses and attached community staff such as midwives, mental health counsellors etc. Third Sector also currently work collaboratively with the Practice i.e. Citizens Advice Bureau.

2.5.3 The surgery has 3.2 FTE General Practitioners currently providing services to a practice list size of 6,674. There is 0.2 WTE Therapist, 1.4 WTE Practice Nurse and one Health Care Support Worker supporting the provision of General Medical Services.

2.5.4 Park Surgery Staffing and Whole Time Equivalents (WTE) are listed below:

Position	Number of Staff	WTE	Vacancy
GPs	3	3.2	0
ANP	0	0	0
Therapist	1	0.2	0
Practice Nurse	2	1.4	0
HCA/Phlebotomist	1	0.2	0
Practice Manager	1	1	0
Administration Staff	7	4.6	0
<b>Total Number and WTE</b>	<b>15</b>	<b>10.6</b>	<b>0</b>

2.5.5 The Surgery is not currently a Training Practice, but has applied to the Academic Fellows Scheme and it is an aspiration of the Practice for the future to become a full Training Practice.

#### **Existing Condition of Park Surgery**

2.5.6 A Six Facet Survey has been undertaken in March 2018 with the following key information identified:

- Total Backlog cost – 174,639.00
- Functional stability – B
- Space Utilization - F
- Quality Audit – B
- Statutory Compliance – D

#### **Ringland Health Centre**

2.5.7 Ringland Health Centre was officially opened in April 1972. The building is a single storey with the community services operating from existing GP clinical accommodation, owned by the Health Board.

2.5.8 Ringland Health Centre is a six partner GP practice serving 8,468 patients.

2.5.9 Ringland Health Centre staffing and Whole Time Equivalents (WTE) is shown in the table below:

Position	Number of Staff	WTE	Vacancy
GPs	10	2.75	0
ANP	1	0.6	0
Pharmacist	1	0.5	0
Practice Nurses	3	1.7	0
Health Care Assistant	2	1.3	0

Practice Manager	3	1.3	0
Administration Staff	8	5.4	0
Total Number and WTE staff	28	13.55	0

## Existing condition of Ringland Health Centre

2.5.10 A Six Facet Survey was undertaken in 2018 with the following information identified:

- Total Backlog - £530,782.00
- Functional Suitability – Grade B
- Space Utilisation – F
- Quality Audit – C
- Statutory Compliance – C

## Other AB Provided and Independent Contractor Services

### Community Pharmacy

2.5.11 There is currently 2 independent Pharmacies providing services to Ringland Health Centre (Lloyds Pharmacy, Ringland Centre) and Park Surgery (Giles Pharmacy, Chepstow Road). The Pharmacies provides a full range of essential, advanced and enhanced services which include Medicine Use Reviews (MURs), Discharge Medicine Reviews (DMRs), Out of Hours Pharmacy Rota, Common Ailment Service (Choose Pharmacy), Emergency Medicines Supply, Waste Reduction Service, Out of Hours on call Palliative Care, , Supervised Methadone Consumption, Medication Administration (Chart/MDS and Pivotell), Needle exchange, Smoking Cessation Level 2 and 3, Emergency Hormonal Contraception (EHC) and Seasonal Flu Vaccination. The Pharmacy also provides a home delivery service and blister packs of medication for patients.

### Community Dental Service

2.5.12 Current service provision for the Community Dental Service is delivered from the existing Ringland Health Centre. The service operates every week day, patients are allocated to the service through the Dental Helpline.

### 'Other' Hospital Services

2.5.13 Services currently being delivered from the existing GP Surgeries include Podiatry, Sexual Health, Speech & Language Therapy, Midwifery, Flying Start, Health Visitors, and Substance Misuse. Clinics are held on a sessional basis and provided on scheduled days throughout the week.

## 2.6 Service Needs

### Local Service Context

2.6.1 This section focuses on the specific issues that need to be addressed within Newport East NCN for the Health Board to offer quality, sustainable and efficient Health and Well Being Services.

## **Increasing Demand**

2.6.2 Over recent years Primary Care has faced considerable pressures with an increasingly elderly population, rising numbers of people suffering dementia, long-term health conditions and chronic pain. There are also challenging social issues which impact on health and well-being through substance misuse, depression and social exclusion resulting in loneliness and isolation. Poverty is associated with earlier onset of ill health, higher rates of co-morbidity and reduced life expectancy. The result is increased demand for GP and community services and consequential decreased access to Primary Care, particularly in areas of socio economic deprivation

2.6.3 This increasing demand is more difficult to meet because of the acute recruitment difficulties being experienced, particularly for GP services – this is a national problem, but within the ABUHB there are specific difficulties in Newport East.

### **Sustainability of GMS Services**

2.6.4 General practice is facing unprecedented and well publicised pressures due to various factors, including GP recruitment and retention difficulties, workload, ageing patient population and increasing complexity of the caseload. These factors are causing vulnerability which puts practices at risk of closure and significant service reduction.

2.6.5 This has been further exacerbated by the COVID-19 pandemic. Staff working within primary care have responded to this crisis. New ways of working have been adopted rapidly in line with national policy and social restrictions; frequent changes to onward referral processes have been adhered to; and professionals have persevered without normal access to supporting and specialist services which have been suspended or become equally overwhelmed.

2.6.6 General Practice is reporting unprecedented demand, anecdotally, it is reported that there is an increase in demand of approximately 20%, as are other parts of the healthcare system, and we need to support and facilitate service delivery to ensure safe and effective care continues to be provided to patients.

2.6.7 There are further challenges, with the increased rates of COVID-19 in the community, many services are experiencing an increase in staff needing to isolate for either testing positive or being identified as a contact. This is placing a further strain on the workforce, who are already feeling exhausted from their continued efforts during the pandemic and their concerted contribution to the delivery of the COVID-19 vaccination programme (approx. 226,000).

2.6.8 There is work ongoing in relation to the restart and recovery programme, which will enable the Health Board to support the backlog of care and maintain core service delivery, but this will be a phased approach over a sustained period. Practices have adopted a blended approach to patient consultations, offering both face to face and remote consultations, as appropriate. The number of face to face appointments is steadily increasing, however there are challenges with this, especially in relation to managing social distancing and throughput of patients.

2.6.9 As part of the GMS Contract negotiations for 2016-17 an agreement was made to develop a framework for assessing the sustainability of GP practices due to the impact of a number of external factors which may impinge on the sustainability of a contracted GP practice.

2.6.10 The GP Sustainability Framework was issued by Welsh Government to assist Health Boards to identify practices at risk of having to reduce service provision and/or to give notice to terminate their GMS Contract and offer targeted support. Practices are able to apply for support from the Health Board to stabilise service provision.

2.6.11 In light of identified sustainability challenges, particularly around workforce and existing estate, there is a risk that one or both practices in the Newport East area could seek support via the Sustainability Framework and/or serve notice on their GMS contract. There is a significant risk to the practices, patients and Health Board. The Sustainability Framework enables practices to submit an application to the Health Board seeking support. If agreed this can be in the form of resources or financial support. Both practices could potentially seek this assistance, and the current offer of support available is financial support.

2.6.12 Where a contract resignation is received, the Health Board would implement the Vacant Practice Process to consider the future options in that instance. Given the location and population need, there would be an expectation to secure alternative GMS provision. However, as previous recruitment campaigns have demonstrated, this is likely to prove difficult. This is exacerbated given the current poor condition of GMS premises.

2.6.13 A potential worst case scenario would be the need for one or both practices to become directly managed. The Health Board has experience of this in four other areas of Gwent each of which have pose significant recruitment and associated financial challenges. This also impacts on the ability to provide adequate service provision and care to patients, potentially offering a much reduced service, i.e. limited enhanced services.

### **Implementation of the Health and Wellbeing Model**

2.6.14 One factor that is increasingly accepted as crucial to GMS sustainability is working at larger scale, which can often provide the security of working as part of a larger team and therefore increased resilience. Also due to the GP workforce issues, this provides the opportunity for larger practices to consider a wider skill mix of staff in GP surgeries that enables patients to be seen by the most appropriate health care professional for their needs, including advanced practice nurses, pharmacists and health care support workers. Neither of the existing practices is large enough on its own to embrace this model fully, even without a full merger, there will be a need to work collaboratively to ensure longer term sustainability.

2.6.15 Within the ABUHB the new model is already being adopted, with the establishment of multi-disciplinary teams and MDT processes, care navigation and place based integrated teams. Where suitable estate is available these models are developing successfully. The Board is also planning for practices to work at scale, with more sharing of staff and premises, incentives for mergers and planning facilities which promotes this way of working. This cannot be achieved in Newport East due the limited space available in existing premises.

2.6.16 In the face of GP recruitment and availability of locum problems there will need to be multi-disciplinary team development to meet the current and future demand. Appropriate space is required for these expanded teams and to allow for training that

orientates staff into primary care service provision. In addition, improved premises are required to enable the wider teams to work with the practices, aiming to intervene early to meet patient needs and prevent the deterioration in health and well-being which too often results in avoidable hospital admissions. Key to this will be the social care input and connection to the integrated well-being networks which will help widen the practice response beyond a purely medical one.

2.6.17 The proposed new model will support the transition and continuity of patient care upon impending General Practitioner retirements, ensuring the long term sustainability of new service models and provision of a General Practitioner and Nurse training facility. The Practices, whether they merge or not, will use the opportunity of the Hub model to develop further service delivery by enhancing their areas of special interest. They will also develop their patient and education groups emphasising the importance of health and well-being which is currently unable to be catered for from the existing premises. The practices will continue to provide core General Medical Services to their patients, in line with the Quality Assurance and Improvement Framework and also in line with the new Access Standards as issued in March 2019.

2.6.18 The Clinical Futures model and other models within Wales are designed to support the introduction of 'Care Closer to Home' by providing a broader range of services within the community. These services will avoid unnecessary hospital admissions and support early discharge after a hospital stay. This approach reflects international models that are successfully delivering more person centered, cost effective care.

2.6.19 In 2014, the Welsh Government published its Primary Care Plan for Wales up to 2018. This document outlined a new approach to meeting Primary Care demands with a focus on clusters of GP practices working together and the provision of place-based working with the wider primary care/community teams coalescing around these places – this included social care and the 3<sup>rd</sup> sector. After the publication of this plan there was additional Primary Care monies allocated to learn from new ways of working, including multi-disciplinary working in GP practices, working at larger scale with practices merging or working together and introducing some form of sign-posting or navigation or triage.

2.6.20 Initial pilots and pacesetter projects were extensively evaluated and from this emerged a new Primary Care model for Wales. This model has further been substantiated in the 2018 Welsh Government strategy "A Healthier Wales" which reinforces the prudent multi-disciplinary practice model, the need to work at scale and with some form of sign-posting. This strategy also prioritises place based integrated teams and the strategy is firmly a Health and Social Care plan, directing integrated working and a more social model of Primary Care.

2.6.21 In line with 'Care Closer to Home' and Living Independently in the 21<sup>st</sup> Century strategies, the service model proposes to co-locate Health and Social Care networks within shared accommodation. This will build on the current existing model of co-located Neighbourhood Care Network (NCN) West and East teams and will be further enhanced with the extension of the model through the addition of representation from third sector and community focussed partners including a relocation of services currently provided from Ringland Health Centre & Park Surgery. The service will provide an opportunity to embed and develop innovation amongst partners, supporting Newport East citizens throughout their health and social care pathways. This will provide an

opportunity for collaborative working across both statutory and community wellbeing support services including:

- District Nursing / Community Nursing
- Community Resource Team (CRT) including reablement and therapy service
- Early year's provision including health visiting and flying start
- Social Care including statutory Adult and Children support.
- Wellbeing support including Community Connectors and various Social prescribing models of support – non medical support to promote health and wellbeing.

2.6.22 By ensuring the colocation of key teams, communication will be improved for the benefit of patients and their families, ensuring that district nursing, GP's and other professionals will be able to plan with patients avoiding handoffs and referrals to improve experience and outcomes

2.6.23 Some examples of Wellbeing provision that could and should be available at the Hub facility includes, but not exclusively:

- Diabetic Eye Screening Wales
- AAA Screening
- Unpaid / Family Carers Support
- Gwent Drug and Alcohol Service (GDAS) and similar third sector programmes
- Podiatry Services
- Mental Health and Counselling support from both Primary Care and our third sector consortium arrangements (Mind / Hafal/ Mindfulness Support etc.)
- Supporting People and Housing solutions
- Families First programmes
- Specialist Third Sector providers i.e. Dementia Support / Carers Support/ Hospice and Palliative care services
- Welfare and Benefit support – Job Centre / Department of Work and Pension/ Citizens Advice
- Social Care private providers including Domiciliary Care Agencies working in the Newport area.
- Domestic Abuse / VAWDASV services and promotion
- Newport Live - including Adult Education/ Healthy Living and Gentle Exercise support.

2.6.24 The Hub will also be a key link to the development of Community Based support to promote wellbeing, promote ageing well activities, reduce social isolation and promote non-medical solutions to promote independence and reduce dependency on traditional models of health and social care. Through partnership working across Health, Social Services and the third sector the facility will exploit the opportunities through utilising the WCCIS (national health and social care database). It will also enable citizens and staff to explore opportunities for enhanced information technology solutions both in terms of accessing and signposting services, digital inclusion projects and promoting assistive technology / telecare solutions.

2.6.25 Central to the development and at the 'heart' of the Hub is an opportunity to develop the potential for a community café facility which ideally will be provided via a social or community enterprise and will focus on:

- Health and wellbeing – giving people access to simple but healthy food at affordable prices. The Café will aim to help locals to change their eating habits and help them to realise that healthy food can be appetising.
- Togetherness – bringing people together in an atmosphere that helps promote friendship and community spirit.
- Acceptance – a place free from judgment where everyone is welcome and treated with equal respect.
- Safety – a place where young and old feel safe in a welcoming environment.
- Creativity – a positive and vibrant space that celebrates creativity and inspires new ideas.
- Empowerment – the Café is a catalyst for positive action, a place where people are encouraged to develop their unique abilities and make positive life choices in order to develop self-esteem and confidence, and to build life skills.

2.6.26 There is a unique opportunity in Ringland to link health and well-being services provision with the Ringland Neighbourhood Hub which is the first of a network of four multi-agency facility across the city developed by Newport City Council (NCC). NCC have been working in partnership with PLACEmaking to transform the existing community centre and library into a state-of-the-art building which has dramatically improved flow and use of the available space. Care navigation and active signposting from primary care will provide routes into employment, financial, housing and family support services. It will also act as a gateway to social prescribing through adult learning, creative arts, social activities and gardening projects. The facility will support families, young people and adults to learn new skills, improve their health and well-being, find employment and develop the confidence to achieve their goals and transform their lives. GPs and other health and social care professionals will be able to directly access non-clinical solutions to health issues that are often caused by people's social, financial or personal circumstances. This will help to 'de-medicalise' some conditions that are currently treated pharmacologically and will address people's needs in a more holistic way.

### **General Dental Services**

2.6.27 In July 2018 Welsh Government published '*A Healthier Wales: our Plan for Health and Social Care – the oral health and dental services response*'. The Health Board aims to:

- Improve population health, oral health and well-being through a greater focus on prevention;
- Improve access, experience and quality of dental care for individuals and families;
- Enrich the well-being, capability and engagement of the dental workforce; and;
- Increase the value achieved from funding of dental services and programmes through improvement, innovation, use of best practice, and eliminating waste.

2.6.28 *Taking Oral Health Improvement and Dental Services Forward in Wales* was published by the Welsh Government in March 2017. The GDS reform programme will allow dental teams and patients to:

- Understand the oral health risks and needs of individual patients and the whole 'practice population'
- Improve on delivery of evidenced-based prevention and treatment where indicated through the GDS
- Support implementation of dental recall periods based on oral health risk and needs assessment
- Facilitate development and implementation of dental care pathways/patient journeys that outlines principles and stages involved in achieving agreed oral health outcomes for patients
- Evaluate and understand the changes in key activities, outcome and quality indicators to inform development of new dental contracts
- Encourage increased skill-mix use in the GDS in Wales (Prudent Dental Care)
- Understand the changes that are required to improve on inequity in dental care use and lack of dental access for people who have high dental need
- Encourage clinical teams to develop a culture of continuous Quality Improvement to ensure enhanced patient Quality and Safety in Primary Dental Care
- Encourage establishing partnerships with other primary and social care services to improve patient care and outcome.

2.6.29 There is insufficient capacity within existing premises to expand service provision. By including dental service provision within the proposed HWBC, the above services will be able to be provided and additional new NHS patients will be able to access NHS dental services. The Health Board has made a provision within the dental contract for additional units of dental activity to be awarded in order to provide an increase in dental service. The practice has already joined the GDS Reform Programme, all new and existing patients will undergo a needs assessment, known as the ACORN (Assessment of Clinical Oral Risk and Needs) assessment, which will determine a patients oral health risk and need for any preventative treatment i.e. fluoride varnish application. This will enable the practice to deliver the dental health care that is needed, which will include advice, education and treatment, where necessary. This area is considered "high need" and access to high street dentistry remains a challenge. The additional investment will support delivery of care and increase access.

2.6.30 'The oral health and dental services response to The Healthier Wales: Our Plan for Health and Social Care' stipulates that 'the current ambition...is to keep children decay-free by age of 5.' The practice is already part of the child referral pathway – this allows the Designed to Smile team to refer children to the practice from Health Visiting Teams, Flying Start Teams and other child organisations. It is anticipated that the provision of dental services within the Health and Well-being Centre will further enhance this, through partnership working with other service providers.

2.6.31 The most recent 'Dental Epidemiological Survey of 12 year olds 2016-17' highlights that the dental caries in 12 year olds in the Newport area is ranked 8 across the 22 boroughs in Wales.

The table below highlights the variance:

Local Health Board	Unitary Authority	D <sub>3</sub> MFT	%D <sub>3</sub> MFT	Mean D <sub>3</sub> MFT of those with caries experience	D <sub>3</sub> T	%D <sub>3</sub> T>0	Mean D <sub>3</sub> T of those with caries experience
Abertawe Bro Morgannwg	Bridgend	0.47	25.1	1.86	0.15	8.6	0.58
Abertawe Bro Morgannwg	Neath & Port Talbot	0.70	36.2	1.93	0.23	11.2	0.64
Abertawe Bro Morgannwg	Swansea	0.52	25.8	2.01	0.19	11.2	0.72
Aneurin Bevan	Blaenau Gwent	1.10	51.0	2.15	0.80	43.1	1.58
Aneurin Bevan	Caerphilly	0.95	39.6	2.39	0.60	29.1	1.50
Aneurin Bevan	Monmouthshire	0.50	25.9	1.93	0.24	12.9	0.93
Aneurin Bevan	Newport	0.63	29.8	2.11	0.27	15.9	0.91
Aneurin Bevan	Torfaen	0.94	49.2	1.92	0.61	33.6	1.23
Betsi Cadwaladr	Anglesey	0.84	41.5	2.02	0.39	23.6	0.94
Betsi Cadwaladr	Conwy	0.52	24.3	2.13	0.21	11.4	0.87
Betsi Cadwaladr	Denbighshire	0.71	36.0	1.97	0.39	23.8	1.09
Betsi Cadwaladr	Flintshire	0.60	27.3	2.21	0.20	11.3	0.75
Betsi Cadwaladr	Gwynedd	0.63	34.3	1.83	0.31	20.8	0.90
Betsi Cadwaladr	Wrexham	0.70	29.6	2.35	0.42	20.0	1.43
Cardiff and Vale	Cardiff	0.41	21.6	1.88	0.15	8.7	0.71
Cardiff and Vale	Vale of Glamorgan	0.32	17.3	1.83	0.12	5.9	0.70
Cwm Taf	Merthyr Tydfil	0.72	36.4	1.98	0.25	15.5	0.68
Cwm Taf	Rhondda Cynon Taf	0.66	30.1	2.18	0.22	13.1	0.73
Hywel Dda	Carmarthenshire	0.45	22.4	2.03	0.22	11.3	0.97
Hywel Dda	Ceredigion	0.49	28.3	1.74	0.23	17.5	0.82
Hywel Dda	Pembrokeshire	0.63	26.3	2.38	0.29	13.4	1.11
Powys	Powys	0.41	23.4	1.74	0.20	13.9	0.84
	<b>Abertawe Bro Morgannwg</b>	<b>0.56</b>	<b>28.9</b>	<b>1.94</b>	<b>0.19</b>	<b>10.5</b>	<b>0.66</b>
	<b>Aneurin Bevan</b>	<b>0.79</b>	<b>36.8</b>	<b>2.16</b>	<b>0.46</b>	<b>24.3</b>	<b>1.25</b>
	<b>Betsi Cadwaladr</b>	<b>0.65</b>	<b>31.3</b>	<b>2.08</b>	<b>0.31</b>	<b>17.8</b>	<b>0.99</b>
	<b>Cardiff and Vale</b>	<b>0.38</b>	<b>20.4</b>	<b>1.87</b>	<b>0.14</b>	<b>7.9</b>	<b>0.71</b>
	<b>Cwm Taf</b>	<b>0.67</b>	<b>31.3</b>	<b>2.13</b>	<b>0.23</b>	<b>13.6</b>	<b>0.72</b>
	<b>Hywel Dda</b>	<b>0.52</b>	<b>24.7</b>	<b>2.09</b>	<b>0.24</b>	<b>13.1</b>	<b>0.99</b>
	<b>Powys</b>	<b>0.41</b>	<b>23.4</b>	<b>1.74</b>	<b>0.20</b>	<b>13.9</b>	<b>0.84</b>
	<b>WALES</b>	<b>0.61</b>	<b>29.6</b>	<b>2.05</b>	<b>0.28</b>	<b>15.5</b>	<b>0.94</b>

2.6.32 Supporting Ringland Dental Practice to expand to provide additional dental services, will enable the Health Board to work collaboratively with the practices to help develop and deliver clinical pathways/services to address factors such as this.

2.6.33 General Dental Practices are also embracing new ways of working as a result of the COVID-19 pandemic, again with a particular focus on remote consultations/ pre-appointments where clinically appropriate. Appropriate IT and telephony infrastructure will need to be in place to support this.

2.6.34 It is recognized that there will be a backlog of care within dentistry. Dental practices have been asked to focus on those who need urgent treatment or where treatment that has been delayed, introducing routine dental checks where capacity allows. The infection prevention control measures in place have significantly reduced the numbers of patients practices are able to treat. At this time, it is important that those most in need of dental care receive it ahead of those who are not currently experiencing any problems.

## **Audiology Services**

2.6.35 The Primary Care Audiology Service have successfully run a project from Brynmawr Resource Centre whereby patients from Newport East needing secondary care Audiology services are currently travel to Royal Gwent Hospital in Newport for hearing aid fittings, ongoing management and maintenance of their hearing aids.

2.6.36 The project allows patients with hearing tinnitus or balance problems to self-refer directly into Audiology without seeing their GP first. Evaluation and analysis of the project indicate the freeing up of GP time with onward referrals where necessary therefore increasing patient satisfaction improving outcomes with patients receiving care closer to home. Future provision for this service needs to be found in Newport East.

## **Workforce Context**

2.6.37 As already referred to above workforce sustainability is an increasing problem within Wales. The current configuration of services is not at all conducive to future prospects of retention and recruitment.

2.6.38 The Health Board, in line with 'A Healthier Wales', plans for primary care to focus on providing a more integrated service for the wider community and these proposals would be attractive to ensuring recruitment of General Practitioners. This "Hub" model will enable more integrated working between primary care and community services which will ensure more robust integrated care. These services could be provided from purpose built premises, with no requirement to make personal investment, thus potentially attracting younger General Practitioners to the area.

2.6.39 Currently neither premise or practice list size are conducive to implementing the Transformation Model or Place Based Care both of which align to the Clinical Futures strategy and Care Closer to Home. This Model supports core GPs with larger multi-disciplinary teams of extended roles such as Advanced Nurse Practitioners, Pharmacists, Physiotherapist, Paramedics, Mental Health Practitioners and Occupational Therapists. These extended roles help to bridge the gap where there are GP shortages and ease pressure on existing GP resources ensuring that they are free to see the most complex of cases. This Model would also be supported by Care Navigation where the practice staff are trained to signpost patients to the most appropriate healthcare professional to meet their needs.

## **The Capacity of the Primary Care Estate**

2.6.40 The current primary care estate is unable to support the new model of care through integrated ways of working, with the registered population of Newport East NCN currently accessing family and therapy services, mental health and community dental services across a number of locations including St Woolos Hospital, St Cadocs Hospital and Clytha Clinic. All these facilities are located on the other side of the river which bisects the city and require a number of changes to be accessed by public transport.

2.6.41 The impact of estate and premises cannot be underestimated in terms of implementing this new model. Newport East NCN is in an area with populations experiencing social deprivation and ill health. The new model of working is particularly necessary in these areas, but the following constraints need to be resolved:

- If practices are to work together and provide for multi-disciplinary practice teams they need the space to be able to do so. Both GP premises are particularly poor with no room for expansion and in need of replacement.
- The Health and Social care model is particularly needed in these areas with communities experiencing a combination of health and social care problems and with a need to build community resilience. Around the country the development of Health and Well-Being hubs have successfully helped to bring services together and provide a focus for community activity. This facilitates better sign-posting, provides community space as well as room for the wider community teams in addition to a more multi-disciplinary practice team. Current facilities in the Newport East NCN cannot absorb additional services and activities.

2.6.42 The current Primary Care estate is made up of relatively physically sound buildings that have reached their physical capacity. They are therefore unable to accommodate any additional enhanced or extended primary and community services that could be introduced.

2.6.43 There is therefore limited scope for service development or expansion, both due to the physical constraints of the current premises, but also due to the lack of larger facilities from which to deliver high volume services. As noted above the current model is based around GP-delivered services, rather than a more flexible and forward-looking model of multi-service delivery that facilitates a range of services being delivered from the same accommodation.

2.6.44 The existing Ringland Health Centre building is outdated and not fit for purpose; Particular areas of the building, such as the nursing bays, do not protect patient confidentiality. The existing infrastructure will be too costly to reconfigure in order to bring it to a standard which is suitable to deliver services for the 21<sup>st</sup> Century. There is significant backlog maintenance costs required to bring both premises up to current day standards.

2.6.45 The following summaries the constraints currently experienced by both practices:

#### Clinical Rooms

- No capacity within General Practitioner and Nurse consulting rooms
- Sharing of rooms
- No space for training, therefore unable to become a training practice at present
- Non availability of consulting rooms for General Practitioners
- Consulting rooms doubling up for different uses
- Consulting room are not Disability Discrimination Act compliant
- Current layout restrictive with small room sizes
- General Practitioners have no means of escape from room with violent patients
- Minimal number of Treatment Rooms

#### Non Clinical

- Car parking facilities are limited
- No appropriate space for clinical waste
- Waiting rooms are restrictive in all buildings
- No appropriate area for quarantine and no appropriate route of exit

- Layouts are not conducive to either patient or staff confidentiality
- There is no baby changing facility
- Administration space is currently very limited
- No capacity to provide health promotion
- Ambulance access is inappropriate, patient has to be taken on stretcher out through the main waiting area
- Restrictive car parks with restrictive access for ambulances
- Staff facilities are limited with no secure staff facilities
- Lift only in one building

2.6.46 The information provided within this Case for Change demonstrates that the creation of a Health and Well-being Hub within Newport East NCN is a priority for the following reasons:

- The existing GMS services in Ringland Health Centre & Park Surgery are not sustainable in their current form.
- There is a risk of GMS contract resignation and the consequential service and financial risk of having to establish a Managed Practice / Practices.
- The existing facilities in Ringland Health Centre & Park Surgery are not sustainable in their current form.
- The constraints of the existing buildings do not allow for additional General Medical Services, GDS, Pharmacy, Community and Health and Well-Being Services to be expanded to meet the growing needs of the population, and in line with national and local strategies.

## 3.0 ECONOMIC CASE

**As with the Strategic Case factors contributing to the Economic Case have also not changed significantly since submission of the Outline Business Case. What follows therefore is a summary of the previous Economic Case and Economic Appraisal with relevant changes highlighted.**

### NON FINANCIAL OPTION APPRAISAL

#### 3.1 Introduction

3.1.2 In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (*A Guide to Investment Appraisal in the Public Sector*), the OBC considered a wide range of options to form a long list and then a short list which was appraised in more detail.

#### 3.2 Appraisal Process

3.2.1 In line with the requirements of the Five Case Model the following framework of strategic options (or potential solutions) were developed for initial assessment. It encompassed the five "categories of choice" recommended within the Five Case Model:

- Scope of service
- Estate solutions
- Service delivery
- Implementation/phasing
- Funding

3.2.2 The evaluation was undertaken, and a simple scoring mechanism used to record how well each option met the investment objectives and satisfied the critical success factors (CSFs).

- x - the option did not meet the investment objectives or the CSF's
- ✓ - the option did meet the investment objectives and satisfy the CSF's
- ? - the option partially met the investment objectives and CSF's but had an element of uncertainty

3.2.3 A summary of the resulting long list, inclusions, exclusions and possible options is outlined in the following table:

Options	Finding
<b>1.0 Scoping Options</b>	
SO1 - <b>Business as Usual</b> , General Medical Services and other Health and Well Being services in the Newport East area would continue to be provided as now.	<b>Discounted</b> - Does not satisfy any of the investment objectives or critical success factors, but is <b><u>retained as a benchmark for cost comparison against other shortlisted options.</u></b>
SO2 - Existing General Medical services in Newport East are merged into one practice but not co-located	<b>Discounted</b> - This option does not meet all of the investment objectives or critical success factors. It offers some opportunity to improve the existing GP services but does little to improve the overall quality, sustainability and resilience of GMS and HWB services. Does nothing to improve integration.
SO3 - Existing General Medical Services in Newport East are co-located	<b>Possible</b> - This option does not meet all of the investment objectives or critical success factors but does offer some opportunity to improve the existing estate, improve the overall quality of services, and address GMS sustainability. GMS and HWB services would however not be integrated. WG capital is unlikely to be available therefore requiring 3PD support and associated revenue funding.
SO4 - Develop Integrated General Medical and Health and Well-being services	<b>Possible</b> - This option meets the investment objectives and critical success factors. It offers significant opportunities for the integration, development and improvement of GMS and HWB services within Newport East.
<b>2.0 Estate Options</b>	
ES1 - Do Minimum, Refurbishment of existing practice / health centre facilities.	<b>Discounted</b> - This option does not meet all of the investment objectives or critical success factors. It offers some opportunity to improve the existing estate but does little to improve the quality, sustainability and resilience of GMS and HWB services. <b><u>This option is discounted but is retained as a benchmark for cost comparison against other shortlisted options.</u></b>
ES2 - New build on Ringland Health Centre site. GMS services only.	<b>Possible</b> - This option does not meet all of the investment objectives or critical success factors but does offer some opportunity to improve the existing estate and improve the overall quality, sustainability and resilience of GMS services. GMS and HWB services would however not be integrated. WG capital is unlikely to be available therefore requiring 3PD support and associated revenue funding
ES3 - New build on the Ringland Health Centre site, integrated GMS	<b>Possible</b> - This option meets the investment objectives and critical success factors. It offers

Options	Finding
and HWB services	significant opportunities for the integration, development and improvement of GMS and HWB services within Newport East and retains some of the existing building.
ES4 - New build on an alternative non-NHS site in Newport East	<b>Discounted</b> - This option meets the investment objectives and critical success factors. It could offer significant opportunities for the integration, development and improvement of GMS and HWB services within Newport East and could provide a functional building. The availability of suitable additional land is however very questionable given the many attempts to address this over several recent years. There is also little to suggest that an alternative site would provide a better solution than the existing Ringland site which is adjacent to the Newport County Council Community Hub.
<b>3.0 Service Delivery Options</b>	
SD1 - All services managed by ABUHB	<b>Discounted</b> - This option is unlikely to be desirable and will not be practically achievable.
SD2 - Mix of ABUHB and Independent Contractor / GMS services	<b>Possible</b> - This option is consistent with the investment objectives and critical success factors.
SD3 - All services externally managed	<b>Discounted</b> - This option does not meet many of the investment objectives or critical success factors and would not be supported by Welsh Government
<b>4.0 Implementation Options</b>	
IO1 - Single Phase	<b>Possible</b> - This option meets the majority of the investment objectives and critical success factors.
IO2 - Phased development/ occupation	<b>Discounted</b> - This option meets some of the investment objectives and critical success factors although it might not create the most efficient solution, could take longer to deliver all the benefits, may not align with programme milestones and may cost more.
<b>5.0 Funding Options</b>	
F1 - Public Sector Capital	<b>Possible</b> - This is likely to present the most cost-effective solution.
F2 - Private Sector Capital - Lease by ABUHB	<b>Possible</b> - This could present a solution in the absence of public sector capital but would put added pressure on revenue budgets

### 3.3 Short-listed Options

3.3.1 The possible' options identified above have been carried forward into the short list for further appraisal and evaluation. All the options that were discounted as impracticable have been excluded at this stage.

3.3.2 On the basis of this analysis, the recommended short list for further appraisal within the OBC was as follows:

Service Options	Estate Solution	Service Delivery	Implementation	Funding
<b>Option 1</b> Business as Usual - General Medical Services and other Health and Well Being services in the Newport East would continue as now	Upgrade of existing premises	ABUHB / Independent Contractors	Phased	Public Sector Capital
<b>Option 2</b> Do minimum - General Medical Services co-located and other Health and Well Being services in the Newport East area continue as now	New Build GMS only	ABUHB / Independent Contractors	Single Phase	Private Sector Capital/ leased
<b>Option 3</b> - Develop Integrated General Medical and Health and Well-being services	New Build on the Ringland site	ABUHB / Independent Contractors	Single Phase	Public Sector Capital

### 3.4 Qualitative Benefits Appraisal of the Shortlisted Options

3.4.1 The short-list was then appraised using the Benefit Criteria which were agreed and weighted for use in appraising the options.

3.4.2 The ranking and weighting exercise was carried out by a large group of diverse stakeholders as part of the Option Appraisal workshop held in December 2018.

3.4.3 The outcome of that workshop is shown below:

CSFs	W	Option 1		Option 2		Option 3	
		S	T	S	T	S	T
Strategic Fit	10	9	90	10	100	16	160
Acceptability	20	6	120	10	200	17	340
Sustainability	30	7	210	8	240	17	510
Efficiency	25	9	225	9	225	15	375
Achievability	15	15	225	13	195	15	225
<b>Totals</b>	100	31	645	37	765	65	1385
<b>Ranking</b>			<b>3</b>		<b>2</b>		<b>1</b>

3.4.4 As indicated in the table above Option 3 ranks higher than the other options and is the preferred option from a non-financial / qualitative perspective.

3.4.5 As there has not been significant changes since the OBC process there has been no need to revisit the non-financial appraisal in this FBC.

### 3.5 Economic Appraisal of Shortlisted Options

3.5.1 A full Economic Appraisal was undertaken in the OBC, the overall results of which are shown in the table below:

Evaluation Results	Option 1- Business as Usual	Option 2 - "Do Minimum"	Option 3 - New Build
GEM Economic Appraisal	1	2	3
Non-Financial Benefits Appraisal	3	2	1
Revenue Risk Appraisal	3	1	1
<b>Overall Rank</b>	<b>3</b>	<b>1</b>	<b>1</b>

3.5.2. Option 3 was and still is the preferred option by virtue of the fact that it is the only option that meets the investment objectives of the project. Option 1 does nothing to address existing service deficiencies in the Newport East area and Option 2 does nothing to integrate services and to provide a broader / expanded range of local health care provision.

3.5.3 Additional GDS contract expenditure of £286k annually has been included within the updated financial case to support additional dental treatments. As this requirement is common to all options, it does not change the GEM outcome.

3.5.4 **Option 3 was and still is the preferred option.** The Financial Case in section 5.0 is based on the capital costs and revenue costs of Option 3.

#### Capital Costs

3.5.5 The FBC Supply Chain Partner (SCP), Kier Construction, have used the schedules of accommodation to develop the functional content, high level design and associated risk issues for each short-listed option. The following points should be noted:

- **Option 1** - Has been developed from the Estates annual returns quantifying backlog maintenance requirements for the Health Board relating to the existing GP facilities and Health Board premises. The capital costs represent the backlog works required to bring the existing facilities up to the necessary standard.
- **Option 2** – Capital costs are included for land purchase and associated enabling works. The new building is proposed to be built via a Third Party Developer. In line with IFRS16 treatment of leases, the annual rental payments have been included up-front within the initial capital costs in the GEM.

- **Option 3** - Capital costs are based a detailed stage 4 design, receipt and review of work packages and receipt of a "cost not to be exceeded" from the SCP. They include for the demolition of the existing Ringland Health Centre, temporary re-provision, a replacement MUGA owned by NCC and land acquisition

3.5.6 The total capital costs, excluding sunk costs, for all options are shown in the table below with full details contained in the FBC forms in the Estates Annex:

	Option 1 - "Do Minimum"- Upgrade Existing Premises <b>£000</b>	Option 2 – New Build 3PD (land and enabling costs only) <b>£000</b>	Option 3 – New Build <b>£000</b>
Works Cost	877	2,386	18,446
Fees	154	526	483
Non-Works	642	1,214	929
Equipment	0	0	542
Contingency	167	424	602
<b>Sub total</b>	<b>1,840</b>	<b>4,550</b>	<b>21,002</b>
VAT*	189	884	3,957
Other – Capitalised Lease Costs	0	5,941	0
<b>Total</b>	<b>2,029</b>	<b>11,375</b>	<b>24,959</b>

\* VAT has been applied at the rate of 20% to all cost components. It is assumed that VAT recovery will be applicable to all professional fees, and to the element of SCP fees relating to the area occupied by ABUHB (and excluding the leased-out areas) which is 53.5% of the total building area. Further detailed advice on the VAT reclaim will be sought in the context of potentially complex calculations consequent upon the inclusion of independent contractors and eventual lease agreements. This will be sought imminently following agreement of the Target Cost.

### Capital Disposals

3.5.7 Always Clinic and Clytha Clinic will be disposed of as a consequence of this development. The current net book value of Always Clinic is circa £285k, and Clytha £201k. Up to date market valuations for both properties will be obtained from the District Valuer within three months of the expected sale date in 2024.

### Revenue Costs

3.5.8 The revenue costs presented are derived from a detailed analysis undertaken on:

- Estate and Non-pay implications
- Independent Contractor Income
- Workforce requirements

3.5.9 The assessed annual revenue cost to the UK public sector for each option is outlined in the table below. A detailed analysis of the revenue costs of each option is also included in **Appendix 1**:

<b>Economic Case</b>	<b>Option 1 Business as usual</b>	<b>Option 2 "Do Minimum"</b>	<b>Option 3 New Build – Yr 5 Recurrent</b>
<b>Year 5 Recurrent Costs</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>GMS Non Pay Practice Costs</b>			
Rent (*capitalised for option2)	25	0 *	0
Rates	19	71	21
Other Non-pay (maintenance, utilities, security, cleaning)	39	137	35
<b>Total GMS Costs</b>	<b>83</b>	<b>208</b>	<b>56</b>
<b>Other H&amp;WC Running Costs</b>			
Workforce ( <b>Non-GMS</b> )	0	0	58
GDS Additional contract costs	286	286	286
Rates	22	22	99
Overhead running cost (excluding rates)	60	1	252
<b>Total of Other Running Costs</b>	<b>368</b>	<b>309</b>	<b>695</b>
<b>Total Costs (Non Pay GMS Cost &amp; Other H&amp;WC Running Costs)</b>	<b>451</b>	<b>766</b>	<b>751</b>
Income from Independent Contractors (rates, maintenance, cleaning, utilities)	8	93	53
Rent from Independent Contractors	0	0	16
<b>Total Income</b>	<b>8</b>	<b>93</b>	<b>69</b>
<b>Net Cost to the ABUHB</b>	<b>443</b>	<b>424</b>	<b>682</b>

### **Incremental Revenue Position**

3.5.10 The recurring effect of the incremental costs of each option is illustrated in the Table below:

3.5.11 Option 1 identifies the current baseline cost of £443k, following the necessary exclusion of VAT. All other option costs noted above exclude VAT for the purposes of the Economic Case. This baseline position assumes that the provision of GDS is a priority for the Health Board, and will result in a cost pressure to the organisation regardless of the preferred option.

### **Incremental Revenue Position**

3.5.12 The recurring effect of the incremental costs of each option against baseline is illustrated in the Table below:

Year 5 Recurrent	Option 1 - "Do Minimum"	Option2 - New Build 3PD	Option 3 - New Build
	£000	£000	£000
<b>GMS Non Pay Practice Costs</b>			
Rent	0	(25)	(25)
Rates	0	52	2
Other Non-pay maintenance, utilities, security, cleaning)	0	98	(4)
<b>Total GMS Costs</b>	<b>0</b>	<b>125</b>	<b>(27)</b>
<b>Other H&amp;WC Running Costs</b>			
Workforce ( <b>Non-GMS</b> )	0	0	58
GDS Additional contract costs	0	0	0
Rates	0	0	77
Overhead running cost (excluding rates)	0	(59)	192
<b>Total of Other Running Costs</b>	<b>0</b>	<b>(59)</b>	<b>327</b>
<b>Total Costs (Non Pay GMS Cost &amp; Other H&amp;WC Running Costs)</b>	<b>0</b>	<b>66</b>	<b>300</b>
Income from Independent Contractors (rates, maintenance, cleaning, utilities)	0	85	45
Rent from Independent Contractors	0	0	16
<b>Total Income</b>	<b>0</b>	<b>85</b>	<b>61</b>
<b>Net Cost to the ABUHB</b>	<b>0</b>	<b>(19)</b>	<b>239</b>

3.5.13 Individual elements of this analysis are described in more detail below and in **Appendix 1**:

- **Workforce** – The only direct Workforce implications relate to the planned appointment of a Centre Manager in Option 3 and staff to support additional CDS activity.
- **Other Non-Pay costs / Utilities/ Maintenance / Rates** - Costs have been included based on existing costs of similar properties and the calculated floor area of the proposed new build and new build / refurb options.
- **Income** – This includes an assessment of the rent received now and that will be received from Independent Contractors in the new building. The latter is based on DV assessed market rates. It is also assumed that Independent Contractors will pay for rates and utility costs based on floor area utilised.

### **Overall Conclusion of the Economic Appraisal**

3.5.14 As stated in 3.5.1 although a full Economic Appraisal has not been redone as part of the FBC the overall conclusion reached at OBC stage is still valid, i.e. Option 3 is favoured from the Non-financial perspective and Option 3 is the favoured option overall.

3.5.15 The Financial Case in section 5.0 is therefore based on the capital and revenue costs of Option 3

## 4.0 COMMERCIAL CASE

### 4.1 Introduction

4.1.1 As required by the Five Case Model template this section of the Full Business Case (FBC) explains the proposed Deal in respect of the preferred option outlined in the Economic Case.

### 4.2 Required Services

4.2.1 This FBC states a requirement for the delivery of a Health and Well Being Centre on the site of Ringland Health Centre, under the NEC3 Engineering & Construction (ECC) Form of Contract and Designed for Life: Building for Wales Framework.

4.2.2 Schedules of Accommodation and Operational Policies are available to support the functional content, based on Health Building Notes. A full copy of the final Schedule of Accommodation is included in the Estates Annex.

### 4.3 Proposed Charging Mechanisms

4.3.1 For the HWBC development there will be no ongoing service provision and therefore no recurring charges by the SCP following completion of the hospital buildings.

### 4.4 Risk Transfer

4.4.1 The general principle is that risks should be passed to “the party best able to manage them”, subject to value for money (VFM). The UHB has carefully considered those risks best placed with the Supply Chain Partner (SCP) and those it will bear itself. This has been achieved at FBC stage through series of structured risk workshops and regular risk register review meetings, involving the UHB, SCP, Project Manager and Cost Advisor. Further information on the proposed Risk Management Strategy for the project, together with the quantified risk registers for the preferred option, is included in the Estates Annex.

4.4.2 Under the Designed for Life: Building for Wales Framework, which is described at length in the following section of the Procurement Strategy, the NEC3 Engineering & Construction (ECC) Form of Contract is used. The Engineering & Construction Contract is a “collaborative” contract that requires each project to include a Risk Register with risk allocated to the party best able to deal with it. The early involvement of the Supply Chain Partners means that they are fully briefed about risks in the project and accept ownership of risks than would normally be the case under a more traditional form of contract.

4.4.3 The table below shows how the project risks have been apportioned under a predominately Public Capital Funded procurement. The total assessed “Risk” cost at FBC stage is currently £601,988 plus VAT for the preferred option. This is split UHB £183,730 and SCP £418,258.

<b>Risk</b>	<b>ABHB</b>	<b>SCP</b>	<b>Shared</b>
Design			Y
Site availability	Y		
Planning	Y		

<b>Risk</b>	<b>ABHB</b>	<b>SCP</b>	<b>Shared</b>
Approval and Funding	Y		
Construction		Y	
Technical Commissioning		Y	
Operational Commissioning	Y		
Operating risk	Y		
Revenue risk	Y		
Technological and Obsolescence	Y		
Legislative Change	Y		

## **4.5 Contract Length**

4.5.1 A stage 4, 5 & 6 Programme has been prepared by the SCP in full consultation with the Project Manager and UHB. The Programme fully complies with the requirements of the NEC3 ECC contract and the Designed for Life Framework. The Accepted Programme as required by the contract contains a detailed and comprehensive Programme of activities and the Completion Date is clearly identified.

4.5.2 Throughout Stages 5 & 6 the Accepted Programme will continue to be issued by the SCP to the Project Manager on a monthly basis for acceptance, including a mark-up of actual progressed achieved in the month and a strategy for recovering any lost time, in order to effectively monitor progress as work proceeds and robustly manage the project programme to ensure timely delivery of the project.

## **4.6 Proposed Key Contractual Clauses**

4.6.1 The contract will be in accordance with the All Wales Designed for Life 4 Building for Wales Framework. The contract will be the NEC 3 Form of Contract. The conditions of contract are the core clauses and the clauses for main option C: Target Contract and Secondary Options – X1, X2, X4, X5, X7, X15, X16, X18, Y(UK) and Z of the NEC Engineering and Construction Contract (June 2005), with amendments dated September 201. The additional Z clauses comprise the standard Deigned for life: Building for Wales Framework amendments.

- This contract is based on the following key principals:
- Clarity – The Contract is written in plain language
- The Risk Register is a key project and contract management tool
- Foresight and Early Warning Notifications
- A Target Cost and Cost not to be exceeded.
- Timely two-way communication
- Compensation Events
- Monthly Accepted Programme is sued as a key project and contract management tool

4.6.2 Key external professional roles appointed on behalf of the Employer include, direct client appointments for the Project Manager and Supervisor. A Cost Advisor has also been appointed to support the Project Manager and Health Board.

## **4.7 Personnel Implications (including TUPE)**

4.7.1 TUPE (*Transfer of Undertaking Protection of Employment*) does not apply to this investment as there is no change to the employing organisation. However, there will

be significant implications for a range of staff in terms of a change in location of employment. This will be managed using the UHB's Management of Change Policy.

#### **4.8 Procurement Strategy**

4.8.1 The HWBC development falls within the terms of the new All Wales Designed for Life 4 Building for Wales Framework.

4.8.2 The Health Board had appointed External Project managers and External Cost Advisers.

4.8.3 A Target Price has been agreed with the SCP and this is included in this FBC submission. Whilst approval of the FBC is awaited all necessary contractual documentation will be drawn up in readiness for a speedy exchange of contracts and start on site.

4.8.4 A Value for Money Report has been prepared by the Cost Advisor which is attached at Appendix 2. This describes the work packages procurement and evaluation process that has been undertaken to arrive at the Target Cost.

4.8.4 The Health Board is also in the process of procuring the appointment of a Supervisor, in order to perform the required duties in the NEC3/ECC Contract.

#### **4.9 Pain /Gain Share**

4.9.1 The All Wales Designed for Life 4 Building for Wales Framework defines the Pain / Gain Share arrangements.

4.9.2 From Stage 4 onwards (Construction and Project Closure), the Gain Share will be limited to the first 5% of any savings between the total of the Prices and the Price for Work Done to Date arising during Stages 4, 5 and 6 and will be equally apportioned 50:50% between the Health Board and the SCP. Savings over this amount (i.e. less than 95% of the) will accrue 100% to the Health Board. To summarise:

The *Contractor's* share percentages and the *share ranges* are:

<b><u>Share Range</u></b>	<b><u>Contractor's Share Percentage</u></b>
Less than 95%	Nil
From 95% to 100%	50%
Greater than 100%	100%

## 5.0 THE FINANCIAL CASE

### 5.1 Introduction

5.1.1 The purpose of this section is to set out the indicative financial implications of the preferred option (as set out in the Economic Case) and proposed deal (as described in the Commercial Case).

### 5.2 Capital Costs

5.2.1 The preferred option is Option 3 the construction of a new HWBC on the site of the existing Ringland Health Centre utilising land purchased from Newport City Council. The estimated outturn costs for the preferred option is £27.461 million, the detail of which is set out below:

	<b>FBC Option 3 - New Build HWBC £m</b>
Works Cost	18.446
Fees	2.301
Non-Works	1.270
Equipment	0.542
Contingency	0.602
<b>Total Option Costs</b>	<b>23.161</b>
VAT	4.632
VAT Recovery on fees	(0.332)
<b>Total Capital Cost</b>	<b>27.461</b>

5.2.2 A more detailed breakdown of the capital cost calculations is contained within the FB Forms in the Estates Annex. The costs shown exclude optimism bias which was calculated in line with HM Treasury Guidance for the Economic Case only.

5.2.4 The above costs include a package of enabling works consisting of the provision of a temporary Health Centre, demolition of the existing Ringland Health Centre and the re-provision of a Multi-Use Games Area (MUGA). The current MUGA is owned by Newport City Council and will need to be replaced as part of the development. The cost of its replacement, i.e. £514k, is included in the total capital sum being requested.

5.2.5 The detailed cash flows for the preferred option is contained with the FB forms in the estates annex and is summarised below:

<b>Prior years</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
£1.615m	£0.886m	£9.078m	£11.575m	£4.291m	£0.016m

5.2.6 The FBC assumes all capital costs and inflation will be funded by Welsh Government in each of the years as per the above, in accordance with current Welsh Government policy.

5.2.7 The following key assumptions have been made in the capital case:

- Capital costs are reported at BCIS Pub Sec Index Level 269, Location factor 1
- Costs included for Fees are based on typical rates assuming the scheme is procured through the Designed for Life: Building for Wales procurement programme
- Non-Works Costs are based on estimated capital costs that will be incurred in developing the scheme through to Operational Completion and include Planning Fees, IT infrastructure, Artworks and Commissioning costs
- A Contingency allowance of £0.602 million plus VAT has been included based on a quantified Risk Register. The Risk Register is included in the Estate Annex
- VAT has been applied at the rate of 20% to all cost components. It is assumed that VAT recovery will be applicable to all professional fees, and to the element of SCP fees relating to the area occupied by ABUHB (and excluding the leased-out areas) which is 53.5% of the total building area. Further detailed advice on the VAT reclaim will be sought in the context of potentially complex calculations consequent upon the inclusion of independent contractors and eventual lease agreements. This will be sought imminently following agreement of the Target Cost.
- The total cost shown above includes sunk costs incurred in previous years, including £206k relating to the enabling works at Alway Health Centre. These costs have currently been funded via the Health Board's Discretionary Capital Programme, pending approval of this FBC, so will form part of the remaining funding request for this project. The HB would be seeking reimbursement for these costs into the DCP in 2022/23.

### 5.3 Revenue Costs

5.3.1 The table below summarises the revenue costs associated with the preferred option compared to the existing ABUHB costs incurred at Ringland Health Centre and Park GP Surgery, and the costs associated with the "Do Nothing" option, excluding depreciation and impairment. In order to reflect the full cost to the Health Board, VAT is included in the Financial Case, having been excluded (as prescribed) in the Economic Case. This results in a necessary variation in the figures for the preferred option between cases:

<b>FBC Financial Case</b>	<b>Current Expenditure Incurred</b>	<b>"Do nothing" option</b>	<b>Public Sector Capital Build Integrated Health and Wellbeing Centre</b>
<b>GMS Non Pay Practice Costs</b>		<b>Option 1</b>	<b>Option 3</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent	25	25	0
Rates	19	19	21

Other Non-pay (, maintenance, utilities, security, cleaning)	45	45	41
<b>Total GMS Costs</b>	<b>89</b>	<b>89</b>	<b>62</b>
<b>Other H&amp;WC Running Costs</b>			
Workforce (Non-GMS)	0	0	58
GDS additional contract costs	0	286	286
CDS additional chair costs	0	0	35
Rates	22	22	99
Overhead running cost (excluding rates)	65	65	254
<b>Total of Other Running Costs</b>	<b>87</b>	<b>373</b>	<b>732</b>
<b>Total Costs (Non Pay GMS Cost &amp; Other H&amp;WC Running Costs)</b>	<b>176</b>	<b>462</b>	<b>794</b>
Income from Independent Contractors (rates, maintenance, cleaning, utilities)	8	8	53
Rent from Independent Contractors	0	0	16
<b>Total Income</b>	<b>8</b>	<b>8</b>	<b>69</b>
<b>Net Cost to the ABUHB</b>	<b>168</b>	<b>454</b>	<b>725</b>

5.3.2 The revenue costs presented, **which are detailed in Appendix 1**, are based on 2020/21 price levels and have been derived from a detailed analysis undertaken on:

- Clinical and service models
- Workforce requirements
- Estate and Non-pay implications
- Independent Contractor status and anticipated income from lease rentals and service charges

5.3.3 They assume that:

- Four existing health care facilities in Newport will close i.e. Ringland Health Centre, Park Surgery practice, Alway Clinic and Clytha Clinic
- Income will be received for General Dental services to cover rent, rates, utilities and maintenance
- The practices will not merge in the foreseeable future.
- Income will be received from GMS services to cover rates, utilities and maintenance.
- The above includes an emerging cost pressure of £286k relating to the GDS contract value which needs to increase in tandem with a projected increase in activity. Whilst this has been included for completeness it should be noted that this cost pressure exists now and is not directly related to the proposed new building itself.
- An Operational Manager will be appointed to manage the new facility employed by ABUHB

## Affordability

5.3.4 To cover the £0.271m increase (£0.557m including additional GDS requirement) in recurrent revenue expenditure, approval for additional budget funding will be required as follows:

- Primary Care and Community Services - £0.274m (including £0.286m relating to GDS)
- Estates and Facilities - £0.244m
- ICT and other - £0.038m

The GDS funding is required to meet increased dental activity for the local population which at present has poor oral health indicators and would be in line with our aim of improving dental access to these communities. It is proposed that would be funded by the Primary Care and Community Services Division through the IMTP process.

The net additional costs with the new building will need to be accommodated within the Divisional revenue plans from 2024 linked to the IMTP process.

The benefits realisation plan will be analysed and used in order to facilitate non-cash releasing benefits and provide efficiencies using a value-based healthcare approach where possible to mitigate the costs indicated above.

## Depreciation and Impairment

5.3.5 A profiled summary of the depreciation and impairment costs associated with the preferred option are set out in the table below:

### Preferred Option Depreciation and Impairment

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 recurring
Option 3	£000	£000	£000	£000	£000	£000
Depreciation - DEL Buildings	0	0	0	0	139	277
Depreciation - DEL Equipment & IT	0	0	0	0	60	120
Accelerated Depreciation	77	56	0	0	0	0
Impairment - AME	0	0	0	0	13,446	0
<b>Total Costs</b>	<b>77</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>13,645</b>	<b>397</b>

5.3.6 Impairment on the HWBC has been calculated based on advice from the District Valuer. The asset value post impairment has been depreciated over the estimates of useful economic life provided by the District Valuer.

5.3.7 The FBC assumes all impairment and depreciation will be funded by WG in each of the years as per the above, in accordance with current WG policy. **Appendix 3** provides the Depreciation and Impairment calculations.

## 5.4 Impact on the Organisation's Operating Cost Statement and Balance Sheet

5.4.1 This section examines the impact of the proposed investment on the Health Board's accounts. It should be noted that the following summarised extracts from the Statement of Comprehensive Net Expenditure (SOCNE) and Statement of Financial Position (SoFP) only model the impact of the capital and revenue changes of the proposed investment outlined in the tables below. It does not reflect the overall forecast position of the Health Board.

### Impact on the Organisations Statement of Comprehensive Net Expenditure (SOCNE)

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 recurring
Option 3	£000	£000	£000	£000	£000	£000
Revenue Cost Impact	0	0	0	0		239
Depreciation - DEL Buildings	0	0	0	0	139	277
Depreciation - DEL Equipment & IT	0	0	0	0	60	120
Accelerated Depreciation	77	56	0	0	0	0
Impairment - AME	0	0	0	0	13,446	0
<b>Total Costs</b>	<b>77</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>13,645</b>	<b>636</b>

### Impact on the Organisations Statement of Financial Position (SoFP)

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Option 3	£000	£000	£000	£000	£000	£000
Non-Current Assets b/f:						
Buildings	133	56	0	0	0	12,894
Equipment & IT	0	0	0	0	36	922
Assets Under Construction	672	1,472	2,358	11,436	23,011	0
Non-Current Assets Additions:						
Equipment & IT	0	0	0	36	886	0
Assets Under Construction / Buildings	800	886	9,078	11,575	3,528	16
<b>Total Additions</b>	<b>800</b>	<b>886</b>	<b>9,078</b>	<b>11,611</b>	<b>4,414</b>	<b>16</b>
Non-Current Assets Impairment:						
Assets Under Construction / Buildings					(13,446)	
<b>Total Impairments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(13,446)</b>	<b>0</b>
Non-Current Assets Depreciation:						
Buildings					(139)	(277)
Equipment & IT					(60)	(120)
Accelerated Depreciation	(77)	(56)	0	0	0	0
<b>Total Depreciation</b>	<b>(77)</b>	<b>(56)</b>	<b>0</b>	<b>0</b>	<b>(199)</b>	<b>(397)</b>
<b>Closing NBV Impact on SoFP</b>	<b>1,528</b>	<b>2,358</b>	<b>11,436</b>	<b>23,047</b>	<b>13,816</b>	<b>13,435</b>

5.4.2 As shown in the extracts above, all assets will be shown on the Health Board's balance sheet. Whilst the HWBC is being built it will be shown as a non-depreciating

asset under construction. The asset will be valued on completion and recorded on the balance sheet at that value in accordance with the Health Board's accounting policies.

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## **6.0 THE MANAGEMENT CASE**

### **6.1 Introduction**

6.1.1 This section sets out information on the Health and Well-Being Centre (HWBC) Project Management arrangements.

### **6.2 Project Management Arrangements**

6.2.1 The HWBC project is being managed in accordance with the requirements of the All Wales Designed for Life: Building for Wales Framework, the NHS capital investment manual and PRINCE 2 methodology. The HWBC project has a dedicated Project Team that reports to the Primary Care and Community Estates Programme Board which in turn reports to the Health Boards Strategic Capital and Estates Work stream.

### **6.3 Project Roles and Responsibilities**

#### **Senior Responsible Owner – Nick Wood Executive Director of Primary, Community and Mental Health Services**

6.3.1 The Senior Responsible Owner (SRO) is responsible for ensuring that the Project's objectives are delivered on time and within the desired cost and quality constraints. The SRO oversees the effectiveness of the Project Management Team ensuring that the Project Management structure is appropriate to ensure the project objectives are delivered and that the benefits are realised.

#### **Project Director – Andrew Walker Strategic Capital and Estates Programme Director**

6.3.2 Is accountable to the Director of Planning and has specific responsibility for the project management structures and organisation of the project, including appropriate controls and monitoring mechanisms. The Project Director is ultimately responsible for the Risk Register but delegate's day to day management to identified risk leads. The Project Director is supported by an External Project Manager for the day to day planning and design phases of the project as well the technical, procurement and construction phases.

#### **Service / Clinical Lead – Dr Graeme Yule NCN Lead**

6.3.3 Is accountable for the effective co-ordination of clinical and user professional input to the project both from the perspective of the service / clinical provision and the internal allocation and utilisation of space within the HWBC.

#### **Internal clinical and technical support**

6.3.4 Other key project team members include internal ABUHB Primary Care, Community Care and Therapy representatives, Local Authority representatives and input from finance, personnel, estates, information and procurement.

#### **External Scrutiny**

6.3.5 The project will be subject to internal audit via NWSSP-Audit Assurance (Specialist Services) who provide the Health Board with internal capital audit services.

## Project Plan

6.3.6 The Estates Annex includes the detailed construction programme. The table below highlights the key project milestones:

<b>Milestone</b>	<b>Date</b>
Submission of FBC to WG	January 2022
WG Approval	March 2022
Start on Site Enabling Works	April 2022
Start on Site Main Construction	September 2022
Construction Completion	August 2024

### 6.4 Use of Specialist Advisors

6.4.1 The following are the main external specialist advisors that have been commissioned to support the project:

**Project Manager (External) – Mace Management Services** - The External Project Manager has been appointed from the All Wales Designed for Life: Building for Wales Framework. In summary, this role encompasses a project management role of the technical aspects of the business case process and subsequent design, procurement, construction and project closure stages under the NEC3 Form of Contract.

**Cost Adviser services – Gleeds** - The External Cost Advisor has also been appointed from the Design for Life, Building for Wales Framework, and will oversee the financial management of the capital expenditure. They will monitor project costs, implement rigorous verification of all costs presented by the SCP, and deliver a project which is affordable and provides value for money.

### 6.5 Change Management

6.5.1 The overall approach to Change Management and the management of that process will be overseen by the Director of Workforce and Organisational Development who chairs the Clinical Futures Workforce and Organisational Development Group, a sub-group of the Clinical Futures Programme Board.

6.5.2 The Health Board has an identified Organisation Development Strategy which focuses on the transformational change necessary to deliver the whole system redesign for the Clinical Futures Strategy. This work is underpinned by an organisational employee engagement strategy.

### 6.6 Arrangements for Benefits Realisation

6.6.1 **A Benefits Realisation Plan is attached at Appendix 4.** It is important that the benefits claimed in the Economic Case are reviewed during the post project evaluation to assess whether they have been realised.

6.6.2 The identified benefits will need to be tracked and monitored in order to ensure that they are successfully achieved and thus reported to the Clinical Future Programme Board.

## **6.7 Arrangements for Risk Management**

6.7.1 The overall arrangements for the management of risk is undertaken at Project Board. Issues with the highest risk scores are routinely discussed at the Project Board.

6.7.2 The HWBC project risk management process has run alongside the project planning process including a number of risk workshops involving key personnel from the Health Board, the Supply Chain Partner, the Project Manager and the Cost Advisor.

6.7.3 The current project risk register for the HWBC is found in the attached Estates Annex.

## **6.8 Arrangements for Contract Management**

6.8.1 This FBC states a requirement for the delivery of a Health and Well Being Centre in Newport East on the site of the existing Ringland Health Centre, under the NEC3 Engineering & Construction (ECC) Form of Contract and Designed for Life: Building for Wales Framework.

6.8.2 The Commercial Case sets out in detail the overall approach and arrangements for the management of the contract.

## **6.9 Arrangements for Post Project Evaluation**

6.9.1 A Post Project Evaluation (PPE) incorporates the Project Evaluation Review (PER) and the Post Implementation Review (PIR). The Post Project Evaluation plan for both these elements will be developed and will be undertaken after the operational commissioning of the new HSDU.

### **Post Evaluation Review (PER)**

6.9.2 The purpose of the PER is to improve project appraisal at all stages of the project from preparation of the business case through to the design, management and implementation of the scheme and will be timed for 6 months following the commissioning of the HWBC.

## **6.10 OGC Gateway Review Arrangements**

6.10.1 A Gateway Review was undertaken in October 2021 and the project was rated as "Amber - Green". The recommendations of that review have all been addressed in the context of the preparation of the final FBC and ongoing Project Governance arrangements. The Gateway Review report is attached at **Appendix 5**.