

REPORT TO: POLICY AND RESOURCES COMMITTEE - 26 APRIL 2010

REPORT ON: HUB INITIATIVE

REPORT BY: CHIEF EXECUTIVE AND DIRECTOR OF FINANCE

REPORT NO: 207-2010

1. PURPOSE OF REPORT

1.1 This report advises the Committee of the hub initiative which is being developed by the Scottish Futures Trust on behalf of the Scottish Government.

2. RECOMMENDATIONS

2.1 It is recommended that the Committee:

- (i) Note the background to the establishment of the East Central Territory hub;
- (ii) Agrees to participate in developing the East Central Territory hub; and
- (iii) Delegates to the Chief Executive the authority to commit to the Memorandum of Understanding and appoint officer members to the hub Territory Board.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications resulting from this report other than travelling expenses etc in attending meetings.

4. MAIN TEXT

Background

4.1 All local authorities and NHS Boards in Scotland have been asked by the Scottish Government (via the Scottish Futures Trust) to participate in hub, an initiative which is intended to improve the planning, procurement and delivery of infrastructure that supports community services such as health, social care and education.

4.2 The Scottish Futures Trust is currently overseeing the roll-out of the hub initiative across 5 territories in Scotland. Dundee City Council forms part of the East Central Territory along with Angus, Perth and Kinross, Fife, Stirling, Falkirk and Clackmannanshire Councils and Tayside, Fife and Forth Valley Health Boards.

4.3 The key objectives that have been set for hub are:

- Providing enhanced local services through increasing joint service working and integration between Community Planning Partnerships;
 - Delivering a sustained programme of investment into community-based facilities so that more services are provided locally in communities through multi-disciplinary teams working from single sites;
 - Establishing a more efficient and sustainable procurement methodology for public sector bodies, principally local authorities and NHS Boards;
 - Delivering facilities that meet public sector policy objectives for design quality and sustainability; and
 - Facilitating and improving the level of stakeholder engagement in the planning of services and development of community-based premises.
- 4.4 The hub objectives are to be achieved through the establishment of joint venture arrangements between the local authorities and NHS Boards within a hub Territory and a private sector development partner.
- 4.5 The Public Sector Participants within each hub territory will collectively run their own procurement process to identify their own preferred private sector development partner with whom they will form a private public sector joint venture, referred to as "hubco". The hubco will deliver certain partnering services to the Participants to support the planning, procurement and delivery of infrastructure projects within the hub territory - developing proposals and, subject to satisfying certain tests including value for money, delivering those projects through its supply chain.

The First Steps

- 4.6 The Scottish Futures Trust have identified 3 initial tasks that require to be addressed in implementing the hub initiative in the East Central Territory.

These are:

- (i) Establishing the East Central Territory Board;
 - (ii) Public Sector Participants committing to the East Central Territory hub initiative in the form of a Memorandum of Understanding; and
 - (iii) Preparing a Programme Initiation Document.
- 4.7 The **Territory Board** will oversee the development of hub for the East Central Territory i.e. the procurement of the private sector development partner and the establishment of a pipeline of projects. Each public sector participant is expected to appoint one officer member and one substitute officer member to serve on the Territory Board.
- 4.8 It has been stressed that the board members should have sufficient knowledge and authority to contribute effectively at meetings, and that they should also have delegated authority to participate in key decisions relating to the procurement of a private sector partner e.g. OJEU notices, pre-qualification questionnaires, approval of short list of bidders, issue of tender documents, approval of preferred bidder etc.

- 4.9 The **Memorandum of Understanding** is not legally binding but will set out the public sector participants' commitment to work together towards the procurement of a private sector development partner for the Territory.
- 4.10 The **Programme Initiation Document** will be prepared jointly by the public sector participants and will set out the resource plan and programme management arrangements for the Territory. The Programme Initiation Document will require to be signed-off by the Territory Board.

Start-up Funding for hub

- 4.11 The Scottish Futures Trust has confirmed that financial support will be provided to assist with the hub set-up and procurement costs for the East Central Territory. Funding of £1.4m is available in the following 4 streams:
- Set-up/procurement support - £500,000
 - Public sector recurrent/scheme development - £100,000 per annum for 5 years
 - Programme management - £300,000 over 3 years
 - Organisational development activity - £100,000
- 4.12 The hub National Programme Board will oversee the release of these funds based on the following criteria:
- an undertaking from organisations confirming their participation
 - the completion of a Territory Programme Initiation Document

The receipt of letters of intent from all organisations in the Territory will provide the trigger for the release of the first £125,000 of this funding.

- 4.13 The Scottish Futures Trust has also confirmed that a national capital enabling fund of £30m is available to support projects across all 5 hub Territories. Individual hub Territories can apply to use this fund for project development/enabling purposes such as land acquisition, land mobilisation demolitions and site investigation surveys.

Other Matters for Consideration

- 4.14 Although all local authorities and NHS Boards in Scotland have been asked by the Scottish Government (via the Scottish Futures Trust) to participate in hub, procurement of capital projects via hub is not currently obligatory for local authorities.
- 4.15 However the NHS Boards have been advised by the Scottish Government that they will be required to procure all primary and community health facilities with a capital value exceeding £750,000 via hub.
- 4.16 Furthermore, the Scottish Futures Trust have indicated that the prescribed procurement route for schools projects financially supported by the proposed Scottish Government Schools Funding Initiative is likely to be via hub.

Conclusion

- 4.17 Early involvement in establishing the East Central Territory hub will give the City Council the opportunity to influence the management structure, procurement process and the selection of the private sector development partner for hub projects which are likely to include Harris Academy.
- 4.18 In agreeing to participate in developing the East Central Territory hub, the City Council will require to commit to a Memorandum of Understanding and also to appoint two officer members to the hub Territory Board.

5. POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact and Risk Assessment. There are no major issues.

6. CONSULTATIONS

- 6.1 The Depute Chief Executive (Support Services) has been consulted on this report.

7. BACKGROUND PAPERS

- 7.1 None.

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19 April 2010