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Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Pentyrch Branch Surgery

Business Justification Case (Document 1) – Executive Summary

June 2024 – Final v6.2



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1.0 EXECUTIVE SUMMARY

1.1 Overview and Introduction

This business case seeks the approval for a capital investment of £5.3m (inclusive of VAT) to enable the Health Board to develop sustainable and fit for purpose facilities for the Pentyrch Branch Surgery.

To secure a viable solution and the continued delivery of General Medical Services (GMS) to the residents of Pentyrch and surrounding areas provided by the Llandaff Practice as a branch surgery, a replacement of the current temporary accommodation is required.

For the past 10 years, General Medical Services in Pentyrch have been provided by the Practice out of a temporary portacabin which provides only two clinical rooms with limited ancillary provision. This is unsuitable and unsustainable for the delivery of healthcare services and is not compliant with minimum standards for GP premises.

The development of a replacement Pentyrch Branch Surgery has been a priority for a significant period of time and is a key component in supporting the primary care agenda of enhancing community infrastructure and the Health Board's overarching *Shaping our Future Wellbeing Strategy 2023- 2035: Living Well, Caring Well, Working Together* which aims to help improve lives so that by 2035 people are healthier and unfair differences in health outcomes are reduced.

A new purpose built surgery, has the ability to increase the patient list size and provide expansion opportunities which not only helps with the future financial sustainability of the practice but also encourages the recruitment of new clinicians, develops new roles for much needed services and provides the required crucial primary care infrastructure for the area. It also provides opportunities to co-locate cluster and community services, increasing access for patients in the local area.

The practice has stated that without the development, they would have no alternative than to close the Pentyrch branch leaving patients having to travel to the main surgery at Llandaff, which itself does not have the premises infrastructure to cater for the increased demand or register with other surgeries within the cluster (some already at full capacity themselves and reporting sustainability issues).

The practice has indicated that if the Pentyrch development did not come to fruition, significant investment would be required in the near future to expand the Llandaff premises where possible or look at options to acquire new premises for services that run out of Llandaff Surgery in order to provide patients with fundamental access to healthcare services within the local community.

1.1.1 Progress to Date

Progress on the completion of the project within original timescales stalled as a result of extended patient engagement and a referral in January 2022 to the Minister for Health by the

then Community Health Council (CHC, now Llais), on what it believed to be key aspects of the engagement process not undertaken by the Health Board. However, in June 2022, the Minister did not uphold the referral as they were satisfied that the consultation by the Health Board with the CHC has been adequate.

The decision of the Health Minister to reject the referral meant the scheme has been able to progress; however, a Third-Party Developer, originally appointed in 2019, then reported that supply chain and inflationary market factors which had increased during the pause in progress, called into question its viability. Regrettably, an agreement on an uplift to rental values could not be achieved between the Health Board and the Third-Party Developer, which consequently meant that they withdrew from the scheme in July 2023 however the Health Board is still fully committed to delivering this scheme and this business case along with the corresponding development proposals will ensure an appropriate solution is created to support the needs of the Pentyrch Branch Surgery and crucially its patients in relation to accessing vital healthcare services locally.

1.2 Strategic Case

1.2.1 The Strategic Context

Throughout development of the business case, the Health Board has been mindful to continue to consider and take account of the relevant national and local drivers with the publications outlined below confirming and strengthening to future direction for health and social care services, they also have a number of common themes for action to take account of the transformation agenda for primary care and general practice. Many of these strategies look to improve the social, economic, environmental and cultural wellbeing of Wales now and in the future. They ensure that public bodies consider the long term goals, work better with people, communities and each other to take a more joined up approach and improve public access to services.

National and Regional Strategies

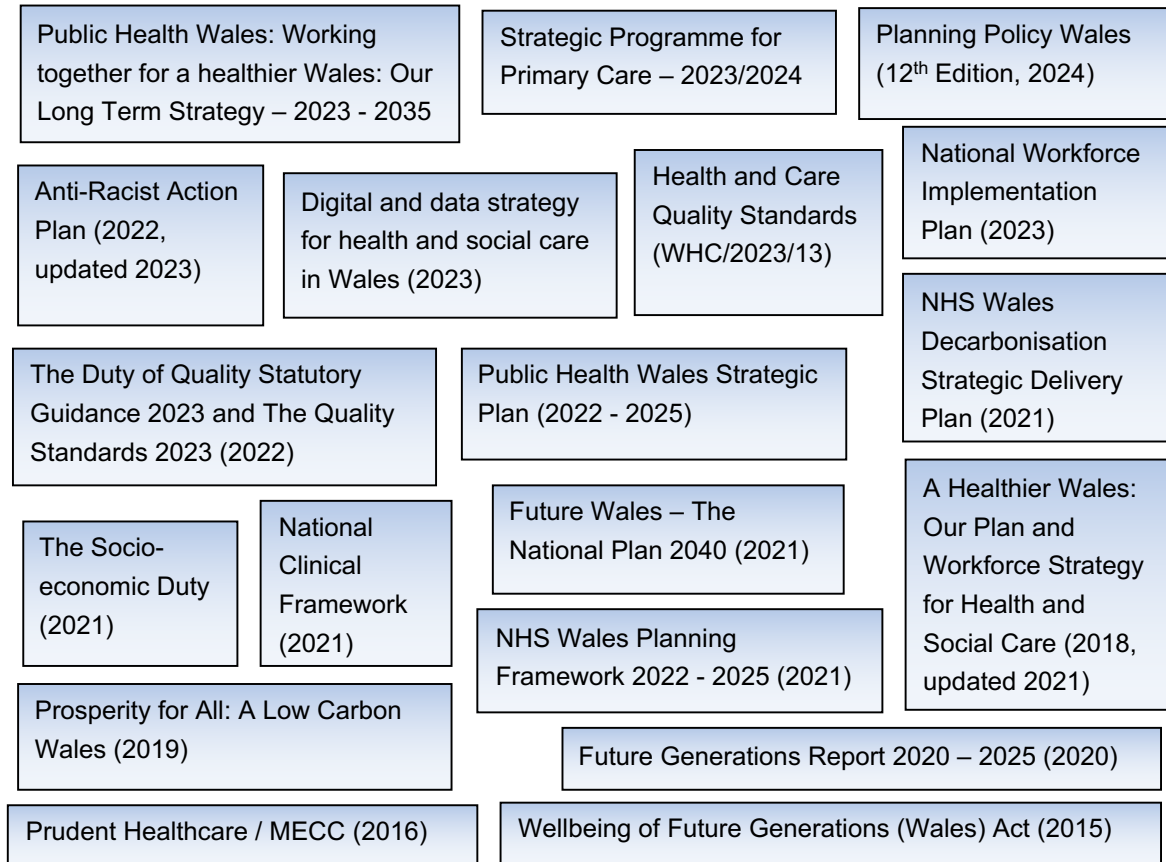


Figure 1: Overarching National Policies considered within this BJC

This business case will support these drivers and national policies by aiming to deliver the following:

- Refocusing services to be provided locally / in the community
- Increasing the range of service delivery in primary care
- Providing clinical care in facilities which are fit for purpose in the 21st century, whilst being as adaptable as possible for further future change as demand grows
- Utilising new technology and systems to advance the way services are delivered and improve access to care
- Provision of more integrated working across professions leading to more seamless co-ordination
- Improvements in patient safety to reduce avoidable harm
- Modern ways of working through new approaches to delivery of care, including enhancing and delivering clinical roles, supporting staff to work to the top of their skill set
- Ensuring the local community are involved in any development of proposals and the needs, aspirations, health and wellbeing of all people are considered at the outset
- Providing sustainable buildings and infrastructure.

This business case demonstrates alignment with the priorities and strategic direction as set out by the Cardiff and Vale Regional Partnership Board (CAVRPB) *Joint Area Plan (2023 – 2028)* by increasing access to a range of locally delivered services to ensure people do not have to wait too long for the services they need whilst ensuring promotion of health and wellbeing services is clear so that people know and understand what care, support and opportunities are available to them.

Local Strategies

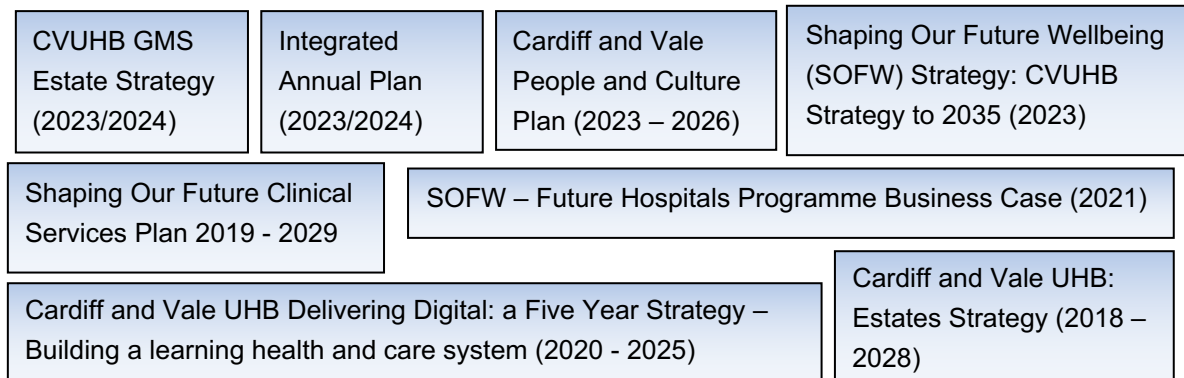


Figure 2: Key Local / CVUHB Strategies

This project supports and strengthens the crucial future vision of these Health Board strategies and culture through:

- Irradicating poor infrastructure that is no longer suitable for current and future use and is not conducive to the best patient outcomes and experience, nor staff wellbeing
- Contributing to the future sustainability of General Medical Services (GMS)
- Working with local communities and primary care networks to reduce health inequalities and provide improved support in relation to preventative action/ self-care
- To increase multi-disciplinary working and service integration in line with cluster priorities
- Providing sessional use of multi-functional, generic room types rather than service specific areas that will create a flexible approach that will also create efficiencies in utilisation across assets
- Assistance in meeting the themes set out in the Workforce Strategy for Health and Social Care in relation to the CVUHB *People and Culture Plan* by improving the experience of staff working across services as well as supporting further education and training where possible to attract, recruit and retain the right staff with the right skills
- Providing a means to reduce the Health Boards carbon footprint by providing sustainable healthcare
- Providing settings that enable engaged, motivated and a healthy workforce - to have a workforce that feels valued and supported wherever they work.

1.2.2 *The Case for Change*

This focus of this business case is the future sustainability of the Pentyrch Branch Surgery which is located within the Cardiff West Cluster as part of the Llandaff Surgery.

The Cardiff West Neighbourhood consists of 7 electoral divisions: Fairwater, Creigiau & St Fagan's, Pentyrch, Radyr & Morganstown, Whitchurch & Tongwynlais, Llandaff North & Llandaff. The cluster contains a total population of 62,850¹ and has an ageing population (2nd highest over 65 population in the Health Board at 17%).

There are higher levels of deprivation in areas of Fairwater and Llandaff North. The area in the West Neighbourhood that most often displays significantly higher rates and severity of deprivation is Fairwater. These areas are known to experience lower life expectancy and higher rates of premature mortality caused by cancer, coronary heart disease, cardiovascular disease and respiratory disease.

The cluster has 7 GMS Practices with circa 57,000 registered patients in total, 8 Dental Practices, 7 optometrists and 13 community pharmacies.

The Llandaff and Pentyrch Practice boundary covers all 7 West Cardiff electoral divisions either through its main or branch surgery at Pentyrch. The Practice has the fifth highest patient list out of the GP practices serving the Cardiff West Cluster.

The current list size is made up of c. 7,400 patients (c.1000 residing in Pentyrch; c.600 from St Fagans; c.300 from Radyr, Taffs Well and areas North; and c.5500 from Llandaff and wider boundary areas).

The Pentyrch Branch Surgery currently operates out of a portacabin following historical issues with the former GP contractor and owner of the premises who refused the Health Board use of the practice building for ongoing general medical services. This portacabin is situated in the village hall grounds with planning granted on the basis of it being a temporary arrangement.

Despite the initial agreement for the portacabin being based on a 3 year period, the practice has operated from this location well in excess of that (for almost 11 years) and has already gone through 4 planning applications and approvals. There is no infinite agreement for the current arrangement to continue and as such there is a risk that planning approval can be refused at any stage particularly if there is no evidence of progress on a permanent solution.

¹ Office of National Statistics/ C&VoG Population Needs Assessment 2022 - 2027



The practice is currently storing its clinical waste within the portacabin in the kitchen area due to space constraints

Figure 3: Existing Pentyrch Branch Surgery Premises Images

The current building includes a total of 90sqm with the following facilities:

- 1 consulting room
- 1 treatment room
- 1 administration room
- 1 reception/waiting room

Cardiff Council has indicated that further planning permission for the Portacabin will not be granted unless there is evidence of progress of a permanent solution and the current owners of the land have confirmed that the surgery cannot remain on the site indefinitely.

Furthermore, due to large anticipated local development plan (LDP) growth in this area and the portacabin not being fit for purpose for the long-term provision of quality healthcare to patients, it is critical that a permanent solution is found.

The practice has stated that without relocation and required increase in patient list size, the surgery would be financially unsustainable and the practice would have no alternative than to close the Pentyrch branch. Consequently, patients will need to travel further to access general medical services, with the main site at Llandaff being 5 miles away. This in itself presents a risk as the Llandaff practice site does not have the ability to provide for a growth in patients therefore creating greater capacity issues across the practice but also the wider cluster.

There are numerous challenges faced by those operating out of the existing branch premises and as a minimum services are not compliant with the Equality Act or standards for premises providing general medical services. This temporary accommodation hampers effective clinical delivery and enforces a permanent premises solution is needed that ensures the long-term sustainability of the Practice but also any development could help to alleviate the fragility of primary care and GMS provision in the area which is an area that is to be affected by significant housing growth.

Service Vision

The main areas for development of the Practice over the coming five years will support the Health Board's vision and respond to local health need and forecasted demographic growth.

Specific service objectives include:

- To develop, expand and improve the range of services the Practice offers locally to the residents of Pentyrch and surrounding areas
- To implement services in line with GMS contract requirements as well as provide for extended healthcare service (such as Health Visiting and midwifery) which patients currently have to attend the main surgery in Llandaff to access
- To deliver more illness prevention and health promotion activities that focus on the community taking greater personal and allow the practice to take an active role in supporting the ethos of the West cluster as a well-being cluster
- To develop minor surgery services
- To enhance the role of nurses, particularly in relation to chronic disease clinics which will have a significant impact on patient quality of life and in turn, reduce demand on secondary care services. Further potential initiatives include setting up a weekly wound care/lymphedema clinic with the district nurse in attendance - this would also provide services to local surgeries and save district nursing resources by seeing patients in one place rather than home visits
- To continue and develop as an undergraduate training Practice

- To implement the role of a Health Care Assistant to support the provision of enhanced new patient checks, increased phlebotomy activity, B/P checks, health promotion, chaperoning and patient recall.

Spending Objectives and Benefits

Spending Objective	Stakeholder Group	Main Benefits
Spending Objective 1: Improve the Sustainability of General Medical Services	Patients	QB – Services continue to be provided to meet patients' needs including medication review / immunisations Non QB – Increased delivery of health promotion to keep the community healthy and support independent management of conditions
	Staff	Non QB – Enhanced commitment to training and development within primary care by providing a learning environment and enhancing multi-disciplinary working
	Health Community	Non QB - Supporting the transformation agenda for primary care services in the community/ cluster Non QB – Supporting sustainable care and facilities that are adaptable to change as healthcare demands change
Spending Objective 2: Increase Capacity to support Future Demand	Patients	Non CRB – Provision of access to increased number of flexible multi-use facilities available on site leading to greater utilisation QB – Reduction in waiting times
	Staff	QB – Support the development of nurse led chronic disease management clinics Non CRB - Improved facilities for staff meetings, therefore promoting team working
	Health Community	QB – Facilitate expansion of primary care training
Spending Objective 3: Increase Access to a Range of Locally Delivered Services	Patients	QB – Provide access to increased range of services for the local population such as midwifery, and child health clinics
	Staff	Non CRB - Collaboration opportunities with visiting health professionals
	Health Community	CRB - Provision of selected secondary care services in primary care that can be provided more cost effectively than current secondary tariffs without compromising clinical standards or patient outcomes and satisfaction Non CRB - Early intervention and timely treatment reduces inpatient admissions to acute hospital
Spending Objective 4: Provide a High Quality and Compliant Environment	Patients	Non QB – Provide safe and appropriate environments of care for patients and improving the patient experience QB – Maintaining appropriate privacy and dignity

Spending Objective	Stakeholder Group	Main Benefits
	Staff	QB – Provide a sustainable, safe and appropriate environment for staff and be a better place to work QB – Improved morale gained from improved access to modern equipment, technologies and facilities QB – Staff recruitment and retention will improve as investment in new facilities will help attract and retain high quality professional staff including partner opportunities Non CRB – Better opportunities for administrative data and quality capture through improved IT QB – Improved security arrangements
	Health Community	Non QB – High quality care given to all patients in modern purpose built accommodation QB – Compliance with statutory standards QB – Compliance with NHS guidance/best practice Non QB - Providing sustainable and energy efficient accommodation to meet future environmental and net zero targets where appropriate

Executive Summary Table 1: Spending Objectives and Main Benefits

1.3 Available Options

In consultation with key stakeholders including GP clinical and managerial staff, staff from capital and estates, and Health Board primary care leads the following list of options were identified and assessed:

Development of Options		
Option Number / Name	Description	
Option 1	Business As Usual (BAU)	This option would involve on-going service provision from the temporary accommodation
Advantages	<ul style="list-style-type: none"> ▪ No capital outlay required ▪ Current site is familiar to existing patients 	
Disadvantages	<ul style="list-style-type: none"> ▪ Temporary building is not fit for purpose to deliver high quality patient healthcare ▪ Current owners of the land have confirmed that the surgery cannot remain on the site indefinitely ▪ Does not support strategic direction of primary care services ▪ Doesn't meet current or future demand 	
Conclusion	This option has been discounted as it doesn't meet any of the project spending objectives or CSFs and is unsustainable due to the need to vacate the current site. However it will be retained for comparative purposes within the economic appraisal.	

Development of Options		
Option Number / Name		Description
Option 2	Do Minimum (Core Scope/ Refurbish Existing Building)	Retain temporary accommodation with internal modifications to create a facility for Pentyrch and the surrounding areas that meets minimum statutory requirements
Advantages		<ul style="list-style-type: none"> Limited capital outlay required Would partially provide a higher quality environment for patient care Current site is familiar to existing patients
Disadvantages		<ul style="list-style-type: none"> Only sized to meet current demand and therefore doesn't create opportunities to meet anticipated demand Further planning permission on current site is not supported due to a longer term solution required Current owners of the land have confirmed that the surgery cannot remain on the site indefinitely Does not support strategic direction of primary care services Refurbishing the existing building would lead to disruption of services to patients during the works and may also incur additional costs for temporary accommodation / relocating services Ongoing commitment from the practice cannot be guaranteed and who have previously stated that they will have no option other than to close the branch surgery should a replacement surgery not come to fruition
Conclusion		This option has been discounted as it doesn't genuinely meet any of the project spending objectives or CSFs and a longer term premises solution is required for the surgery
Option 3	Do Intermediate (Desirable Scope / Extend Existing Building)	Provide a facility for Pentyrch and the surrounding areas that meets minimum statutory requirements, supports GMS sustainability, best practice models and addresses known current capacity issues whilst providing an opportunity for expansion to support LDP growth and include other health care services at a future date
Advantages		<ul style="list-style-type: none"> Will provide sufficient capacity to meet the medium term demand in growth Would provide a higher quality environment for patient care Current site is familiar to existing patients
Disadvantages		<ul style="list-style-type: none"> Further planning permission on current site is not supported due to a longer term solution required Current owners of the land have confirmed that the surgery cannot remain on the site indefinitely Limited opportunity to support strategic direction of primary care services Extending and refurbishing the existing building would lead to disruption of services to patients during the works and may also incur additional costs for temporary accommodation / relocating services Provides limited opportunity to support LDP growth on existing site

Development of Options	
Option Number / Name	Description
Conclusion	This option has been discounted as it doesn't genuinely meet any of the project spending objectives or CSFs and a longer term premises solution is required for the surgery.
Option 4 Do Intermediate Plus (Desirable Scope / New Build Solution)	<p>Provide a facility for Pentyrch and the surrounding areas that meets minimum statutory requirements, supports GMS sustainability, best practice models and addresses known current capacity issues whilst providing an opportunity for expansion to support LDP growth and include other health care services at a future date.</p> <p>For the purposes of the option development and appraisal, this option assumes that the new build would be located on a new site due to the fact that the existing site is not available in the medium / longer term.</p>
Advantages	<ul style="list-style-type: none"> ▪ Sized to meet medium term demand for growth and may have the potential to provide expansion ▪ Would provide a high quality environment for patient care ▪ A newly purpose developed premises could offer: <ul style="list-style-type: none"> ○ The standards required by the practice in relation to its model of care ○ Maximum flexibility in relation to utilisation/ adaptability ○ Enhanced building performance, sustainability and environmental aspects ▪ Provides the opportunity to support strategic direction of primary care services ▪ New premises would provide less service disruption to existing patient services ▪ Ensures sustainability of general medical services in the area, and ongoing viability of the Llandaff Practice
Disadvantages	<ul style="list-style-type: none"> ▪ Availability of a site in local area / community that can offer opportunities for the required accommodation ▪ Location of any new site may be unfamiliar with patients ▪ Greater capital outlay
Conclusion	This option is considered the preferred option as it fully meets the project spending objectives and CSFs whilst providing an affordable solution that delivers the required medium term capacity and the opportunity to support future expansion
Option 5 Do Maximum (Optional Scope / New Build Solution)	A facility for Pentyrch and the surrounding areas that meets minimum statutory requirements, supports GMS sustainability, best practice models and addresses known capacity issues whilst providing accommodation to support future long term LDP growth and include other health care services at a future date.
Advantages	<ul style="list-style-type: none"> ▪ Sized to meet long term demand for growth ▪ Would provide a high quality environment for patient care ▪ A newly purpose developed premises could offer: <ul style="list-style-type: none"> ○ The standards required by the practice in relation to its model of care

Development of Options	
Option Number / Name	Description
	<ul style="list-style-type: none"> ○ Maximum flexibility in relation to utilisation/ adaptability ○ Enhanced building performance, sustainability and environmental aspects ▪ Provides the opportunity to support strategic direction of primary care services ▪ New premises would provide less service disruption to existing patient services ▪ Ensures sustainability of general medical services in the area, and ongoing viability of the Llandaff Practice
Disadvantages	<ul style="list-style-type: none"> ▪ Availability of a site in local area / community that can offer opportunities for the required accommodation ▪ Location of any new site may be unfamiliar with patients ▪ Maximum capital outlay, including incurring a significant amount of capital based on longer term projections that may change thereby not providing maximum value for money
Conclusion	<p>This option has been discounted as whilst it meets the project spending objectives and CSFs and provides a longer term solution, it could potentially make the project unaffordable and lead to investment in premises for future requirements that may change as predicted growth and local developments change</p>

Table 1: Development of Options

Having identified the requirement of a new purpose built development was the preferred option with the other options being deemed unviable, it was therefore necessary to identify a suitable site for development.

Through this work, 25 potential sites were identified, 19 of these sites were ruled out at an early stage due to not being viable.

A shortlist of six sites was then identified for further assessment, this was undertaken by the Pentyrch Project Team against standard criteria which has been applied previously to other primary care schemes locally:

Site Name	Size	Accessibility	Affordability	Deliverability	Acceptability	Total (incl Weighting)
Land between Bronllwy & Heol-Y-Bryn Roads	5	3	3	2	2	63
Land between A4119 & Rhydlafer Drive	5	4	4	3	3	78
Land off Fairmeadow	5	3	1	1	2	49
'Commercially sensitive site'	5	2	3	2	1	57
Rugby Club	1	3	4	2	4	54
Squash Courts	1	3	4	2	4	54

Executive Summary Table 2: Site Option Evaluation / Scoring

Based upon the analysis above, a new purpose built development on a new site was deemed to be the only viable option. Having undertaken an extensive site search and appraisal, the Council-owned Land between A4119 & Rhydlafer Drive emerged as the option scoring highest against the criteria with a score of 78. The Business As Usual option however was to be taken forward to the economic appraisal for comparative purposes.

1.3.1 **Economic Appraisal**

The economic appraisal has been conducted in accordance with HM Treasury guidance.

The principles and assumptions used in the BJC are:

- The model has been run for 60 years from opening and 62 years in total
- Capital costs are based on a fully tendered proposal and therefore contingency has been added but optimism bias has been excluded
- Discounts rates have been applied for 3.5% at 30 years and 3.0% thereafter
- Income for the GP Practice and therefore cost to the NHS has been set at £155 per patient based on a local average
- Additional Health Board funded costs of £25k per annum have been added across all years
- A risk of £187k per annum has been built into the do nothing based on an anticipated premium the Health Board would have to invest over and above normal funding rates to make the practice sustainable
- A risk of £2.5m has been built into do nothing between 5-7 years to reflect the risk of having to extend other practices in the area should the branch surgery close. This assumes a capital cost equivalent to the spend on this GP practice
- A benefit of 20% of additional growth income has been built into Option 0 for years 4 to 9 and beyond to allow of the ability to expand the list size to the medium-term requirements
- A further benefit of 5% of income has been built into from year 10 onwards built up over 5 years to allow for the potential site benefit only of increasing further the list

size to 10,400. Further building would be required to support this but this allows for the flexibility of the new site to cope with this.

	Option 0 £'000	Option 1 £'000
Incremental costs - total	0	(5,138)
Incremental benefits - total	0	11,629
Risk-adjusted Net Present Social Value (NPSV)	0	6,491
Benefit-cost ratio		2.26

Executive Summary Table 3: Summary of Benefit Cost Ratio – (£'000)

This demonstrates that based on the assumptions identified above that Option 1 has a benefits cost ratio of 2.26 and therefore provides an overall economic benefit over and above option 0.

The table below shows the breakdown of the calculation showing the impact:

- Capital costs and lifecycle costs on option 1 and planning risk
- Additional revenue costs on do nothing
- Additional capital risks of option 0 over the life of the project
- Future economic benefits of option 1

	Option 0 £'000	Option 1 £'000
Opportunity Costs	0	0
Capital Expenditure	0	(5,138)
Revenue Expenditure	(35,885)	(31,315)
Present Cost	(35,885)	(36,453)
Planning Risks	0	(206)
Additional Risks	(4,069)	0
Total Risk	(4,069)	(206)
Un-monetised Risk Score	0	0
Risk-adjusted Present Cost	(39,954)	(36,660)
Cash Releasing Benefits	0	0
Non-Cash Releasing Benefits	0	3,197
Societal Benefits	0	0
Total Benefits	0	3,197

Executive Summary Table 4: Summary of Economic Appraisal Output – (£'000)

On the basis of the economic appraisal undertaken:

- Option 1 is the preferred option over the do-nothing scenario. No other options have been modelled in line with the BJC
- As there is only one option being developed a sensitivity test has been undertaken to demonstrate what would be required to make option 1 generate a benefit cost ratio of 1.0
- This demonstrates the change in cost increases in capital and the changes in decreases of benefits that would be required for option 1 to be level with Option 0. In both cases the percentages are significant at in excess of 100%.

	Base Factor Incremental Change Needed (Positive = Higher Costs. Negative = Lower Costs)
Base Incremental Costs:	
Incremental cost increase - capital (inc. optimism)	126.3%
Incremental cost increase - revenue	0.0%
Incremental cost increase - risks	0.0%
Total Incremental Cost Change needed	(6,490)
Base Incremental Benefits:	
Incremental cost reduction - net contribution	0.0%
Incremental benefit - cash releasing	0.0%
Incremental benefit - non-cash releasing	(203.0%)
Incremental benefit - societal	0.0%
Total Incremental Benefit change needed	(6,491)

Executive Summary Table 5: Sensitivity Analysis on Option 1 – (£'000)

This demonstrates that Option 1 is economically preferable to Option 0 and a significant change would be required to the assumptions to make it less beneficial than do nothing.

1.4 The Preferred Option

The preferred option as identified above will provide a 21st century healthcare solution for the current patients of the Pentyrch Branch Surgery, support a medium term solution in relation to uplifting capacity and providing continued sustainable delivery of General Medical Services to the residents of Pentyrch and local surrounding areas whilst also offering an opportunity to expand service delivery in the longer term future to meet further capacity requirements as the population increases in the wider locality due to the planned Cardiff Council Local Development Plan.

Description of the Preferred Option

The work undertaken reflects the current strategic direction for primary care, including the Welsh Government premises guidance, as well as the Practice's medium to long term plans for development. The design has also been reviewed in the context of the necessary infection and prevention control requirements.

The new building will be constructed over two floors. The plans describe ground floor accommodation consisting of the public area comprising GMS accommodation such as consulting rooms, treatment rooms, ancillary rooms plus public spaces such as waiting rooms, etc. On the first floor, the staff areas will provide administration space and welfare facilities.

Discussions regarding the transfer / acquisition of land required for the development are now agreed with Cardiff & Vale University Health Board and Cardiff Council and Heads of Terms signed. The Council has also granted full planning permission on the condition that the development is started by May 2026.

1.5 Procurement Route

The proposals for the scheme have been developed through an agreed project structure led by Cardiff and Vale University Health Board working with Llandaff and Pentyrch Surgery, NHS Wales Specialist Estates Services and a Third-Party Developer as key stakeholders.

However, since this time, an agreement on an uplift to rental values could not be achieved between the Health Board and the Third-Party Developer, which led to them withdrawing from the scheme and following discussions with Welsh Government it has been agreed that the Health Board will seek central capital funding to support the delivery of the facility and have therefore purchased the intellectual property rights for the works completed to date.

The procurement strategy for the Design Team will be in line with the procedures and practices as laid down in the NHS SBS Framework for Healthcare Planner, Construction Consultancy, and Ancillary Services (HPCCAS) SBS10190 Lot 1. This procurement route offers the Health Board the benefit of suitably experienced design teams who are skilled in the delivery of complex healthcare infrastructure in accordance with relevant guidelines and statutory legislation whilst taking account of cost, time and quality.

The successful contractor for the project was successfully appointed through the CAVUHB building framework under Lot 2.

1.5.1 Agreed Charging Mechanisms

Lease Arrangements

Recipients of the services associated with the project will be local residents and as such services will be commissioned by the Health Board with the majority of services delivered by the GP Practice. Lease arrangements have been agreed with all parties regarding the operational management of the facilities and Heads of Terms regarding the arrangements have been agreed with Llandaff and Pentyrch Surgeries.

Contract Arrangements

The Health Board intends to make payments in respect of the proposed products and services as follows:

- Charging will be completed under the Cardiff and Vale Building Framework

- The contract will be managed by Cardiff and Vale University Health Board under the NEC4 Option B Priced Contract with Bill of Quantities

1.5.2 Key Contractual Arrangements

Contractual arrangements have been entered into with all parties.

The contract for the design team will run in line with the RIBA “Standard Agreement” and the relevant stage 4 under a traditional form of contract. Architectural, Services and Structural information will be fully designed and specified for tender purposes.

The contract for the construction company utilises the NEC contract as prescribed under the NHS SBS Framework.

Payments to the externally appointed construction team will be as prescribed in the individual NEC contracts and in line with the framework practices and procedures. There are no key contractual clauses over and above the standard framework clauses.

1.6 Funding and Affordability

A summary of the financial expenditure for the preferred option is as follows:

Capital Costs	£'000
Works Cost (BJC2)	3,907,878
Fees (BJC3)	826,249
Non-works Costs (BJC3)	410,400
Equipment Costs (BJC2)	36,000
Risk Register	270,000
Forecast Project Out-turn Cost (Pre VAT Recovery)	5,450,527
Recoverable VAT (BJC5)	(106,882)
FORECAST PROJECT OUT-TURN COST	5,343,645

Executive Summary Table 6: Capital Costs for the Preferred Option – (£'000)

	£'000
Impairment	2,503
Depreciation – Building / Engineering	0,055
Depreciation – Equipment	0
Total Capital Charges / Depreciation	2,556

Executive Summary Table 7: Summary of Impairment and Depreciation – (£'000)

The following is a summary of the total impact of impairment and depreciation by year until the planned opening of the new facility:

	2025/26 £'000	2026/27 £'000	2027/28 £'000
DEL Impairment	0	0	0
AME Impairment	2,503	0	0
Total Impairment			
Depreciation – Build	0,014	0,055	0,055
Depreciation - Equipment	0	0	0
Total Depreciation	0,014	0,055	0,055

Executive Summary Table 8: Summary of Total Impact of Impairment / Depreciation Year on Year – (£'000)

As detailed throughout the BJC, this scheme will provide new facilities for Pentyrch Branch Surgery and will transfer existing services from the current unsustainable portacabin. The development will also support the Practice over the coming years to respond to local health need and forecasted demographic growth.

This cost assessment relates to the service wholly provided by the Practice and excludes any further services that may be delivered by the Health Board or other partners in the future.

The summary of revenue costs is as follows:

Costs	Current UHB Expenditure £'000	Estimated UHB Expenditure £'000
Rent (Portacabins)	21	0
Rent (Site)	2	0
Rates	1	21
Office Equipment (incl. IT equipment)	0	29
Electricity/Gas	0	0
Cleaning	0	0
Security	0	0
Water	0	2
Decommissioning of Existing Site	0	19
Legal Fees	0	5
Waste	1	2
Maintenance	0	0
Service Charge	0	0
Total	25	78

Executive Summary Table 9: Summary of Revenue Costs – (£'000)

Costs	Recurrent £'000	Non- Recurrent £'000
Rates	21	0
Office Equipment (incl. IT equipment)	0	29
Water	2	0
Decommissioning of Existing Site	0	19
Legal Fees	0	5
Waste	2	0
Total	25	53

Executive Summary Table 10: Breakdown of Recurrent/ Non-Recurrent Costs – (£'000)

The following assumptions have been made in respect of the revenue case:

- The lease is assumed to be for 20 years
- Rent of the Portacabins and existing site would cease once the GP Practice is established within the new premises
- Rates of £16k will be charged against the GMS Revenue Allocation and £5k will be charged against UHB Rates Allocation (would represent a cost pressure if no additional funding is received)
- IT Equipment including computers and printers have been included in the above. This would be a non-recurrent expenditure and will represent a cost pressure if no additional funding is received.
- Other costs associated with room requirements, network connections, office furniture etc are assumed to be built into the capital costs, being transferred from existing premises or to be covered by the GP Practice
- The Health Board will charge electricity charges to the GP Practice based on tenanted area of 612m². The remaining area of 84m² (which is outlined for future healthcare use as deemed necessary by the locality) will only incur standing charges whilst vacant and will be funded via the Health Board. These are expected to be minor so have not been included above (£/m² estimate of £60.99 for an all-electric building)
- Cleaning and security will be the responsibility of the GP Practice and therefore nil impact on Health Board revenue costs (estimate of £27k per annum)
- Water charges would see a minor increase and would be funded via the GMS Revenue Allocation as per the GMS Contract
- There is an expected cost of £19k associated with decommissioning the existing site. This will be non-recurrent and will represent a cost pressure if no additional funding is received
- Legal fees associated with agreeing lease arrangements for the GP practice. This will be non-recurrent and will represent a cost pressure if no additional allocation is required
- Excludes professional fees that are assumed to be covered within the capital costs
- Excludes any additional costs associated with the move as assumed covered by the GP practice
- Excludes any additional costs associated with medical records storage

- Waste will see a minor increase which will be funded through the GMS Revenue Allocation as per the GMS Contract
- Excludes any ad hoc costs associated with maintenance
- There will be a £19k service charge invoiced to the GP Practice to cover reactive and statutory compliance costs which is assumed to have nil impact on the Health Board revenue expenditure. There may be small additional costs associated with the vacant area of 84m² which subject to the space being formally filled with a service provision, then all revenue implications would be re-assessed.

The anticipated capital spend, capital charges and depreciation profile for the extent of the project is as follows:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Capital (Ex VAT) - DEL	0,305	2,057	2,180	0	0
Depreciation	0,000	0	0,014	0,055	0,055
Total	0,305	2,057	2,194	0,055	0,055

Executive Summary Table 11: Impact on Income, Expenditure Account and Balance Sheet

All assets will be shown on the Health Board's balance sheet. The asset will be valued on completion and recorded on the balance sheet at that value. Subsequently it will be treated as per the Health Board's capital accounting policy.

A capital resource limit (CRL) allocation of £0.408m was drawn down in 23/24 to allow the design work to begin, £0.335m was spent against this allocation and the unspent allocation will be repaid from discretionary capital funds in 25/26.

It is assumed the impairment and recurrent charges for depreciation will be funded by Welsh Government.

1.7 Management Arrangements

1.7.1 Programme and Project Management Arrangements

This project is an integral part of the Health Board's portfolio of projects for the delivery of the 'Shaping Our Future Wellbeing: In Our Community' strategy.

Robust project management arrangements are vital to ensure the implementation of the overall project and that effective control is maintained over the capital scheme:

In managing the project the Health Board aims to:

- Deliver the project on time and to budget
- Ensure effective and proactive lines of accountability and responsibility for the project deliverables, and
- Establish user involvement at all stages of the project.

The project has a well-defined structure and includes the following identified key roles:

- Investment Decision Maker
- Senior Responsible Owner
- Project Director
- Project Board
- Project Team
- Other Roles including:
 - Capital Planning
 - Finance
 - Strategic Clinical Engagement
 - Workforce
 - IM&T.

The dates detailed below highlight the proposed key milestones of the project:

Milestone Activity	Date
BJC submission to WG	July 2024
Design completion and commence construction	September 2024
Construction completion	September 2025

Executive Summary Table 12: Project Plan

1.7.2 Communication and Engagement

Effective communications, consultation and engagement is central and critical to the successful delivery of the project. The Health Board has a duty to involve people in the planning and delivery of health services and significant service developments and multiple engagements have taken place over the years of the development. Ongoing communications where relevant will continue as the process and development moves forward.

1.7.3 Benefits Realisation and Risk Management

Benefits are anticipated when a change is conceived and there are measurable improvements that result from the outcome which is perceived as an advantage by the organisation and/or stakeholders. Benefit management and realisation therefore aims to identify, define, track, realise and optimise benefits within and beyond the programme. A benefits realisation plan has been established that provides a framework for this aim.

The risk management strategy has been integrated into the project management procedures, with responsibility for implementation of the strategy resting with the Project Director. The key risks of the development have been assessed and strategies for managing them described with a risk register which will be taken forward through to the delivery stages and continuously reviewed.

An additional risk assessment has been completed for the overarching consequences of the Pentyrch Branch Surgery development using the agreed risk assessment framework for Cardiff and Vale University Health Board (the risk potential assessment (RPA) model).

1.7.4 Post Project Evaluation

The Health Board is committed to ensuring that a thorough and robust post-project evaluation (PPE) is undertaken at key stages in the process to ensure that positive lessons can be learnt from the project.

The Health Board has identified a robust plan for undertaking PPE in line with current guidance, which is fully embedded in the project management arrangements of the project.

1.8 Recommendation

The development of a new premises housing the branch surgery of Llandaff and Pentyrch Surgeries provides a unique opportunity to provide a real improvement in both the quality and range of services available to the local community plus improve the sustainability of GMS for current residents of the Cardiff West Cluster and those new residents via increases in population due to the local development plans.

A new purpose built surgery, via relocation to a new site has the ability to increase the patient list size and provide expansion opportunities which not only secures the future financial sustainability of the practice but also encourages the recruitment of new clinicians, develops new roles for much needed services and provides the required crucial primary care infrastructure for the area. It also provides opportunities to co-locate cluster and community services, increasing access for patients in the local area.

The practice has stated that without the development, they would have no alternative than to close the Pentyrch branch leaving patients having to travel to the main surgery at Llandaff, which itself does not have the premises infrastructure to cater for the increased demand or register with other surgeries within the cluster (some already at full capacity themselves and reporting sustainability issues).

This in itself presents a wider impact on patients and GMS services as the Llandaff practice site does not have the ability to provide for a growth in patients therefore creating greater capacity issues across the practice but also potentially the wider cluster and neighbouring GP premises. The practice has therefore indicated that if the Pentyrch development were not to be taken forward, due to the risk of not being able to accommodate any further growth at Llandaff currently, that significant investment would be required in the near future to expand the premises where possible or look at options to acquire new premises for services that run out of Llandaff Surgery in order to provide patients with fundamental access to healthcare services within the local community.

It is therefore recommended that **approval** of this Business Justification Case be given for the Cardiff and Vale University Health Board to develop the preferred option and commence the project through to delivery stage.