

Borders NHS Board**HUB SOUTH EAST TERRITORY – APPOINTMENT OF A PRIVATE SECTOR DEVELOPMENT PARTNER AND ESTABLISHMENT OF HUBCO****Aim**

The purpose of this report is to provide an update on the procurement process to select a private sector development partner to join with the ten participants (City of Edinburgh Council, Midlothian Council, East Lothian Council, West Lothian Council, Scottish Borders Council, NHS Lothian, NHS Borders, Lothian and Borders Fire and Rescue Board, Lothian and Borders Police Board and Scottish Ambulance Service (“the Participants”)) and Scottish Futures Trust to establish hubco for the South East Territory and to seek NHS Borders Board approval of recommendations as noted below.

Background

hub is a procurement vehicle supporting a long term programme of investment in community infrastructure for local authorities, NHS Boards and other public sector bodies across Scotland. It will provide a mechanism for delivering assets more effectively through a single partner, with continuous improvement leading to better value for money. The opportunity for a private sector delivery partner is to be part of a systematic approach to infrastructure planning and delivery in a territory over an extended time period.

Hubco will deliver projects expressly identified in the Territory Delivery Plan as Qualifying Projects. Projects will focus on new build but could also include the refurbishment and asset management services of existing infrastructure.

The hub structure will encompass both private project finance and traditionally publicly funded developments. The equity and working capital of hubco will be split among the private sector development partner, nine of the Participants and the Scottish Futures Trust (60%, 30% and 10% respectively). A Shareholders Agreement among the private sector development partner, nine of the Participants and the Scottish Futures Trust will regulate the respective rights and responsibilities of each party and sets out the matters in relation to which hubco must first obtain the consent of each category of shareholder. A hub Territory Partnering Agreement among the ten Participants and hubco will set out the rights and obligations of the parties, including the provision of partnering services by hubco to the Participants and the exclusivity provisions granted by some of the Participants to hubco.

Summary

hub is a Scottish Government/Scottish Futures Trust Initiative for which the South East Territory is a Pathfinder Area. The Territory Delivery Plan includes all NHS Borders present P&CS Health Centre developments and in future this Territory Agreement, a 20 year Agreement, will incorporate Health Service and Joint Developments with Partner Organisations within the Community, estimated project costs of £750,000 and above. The next step is for the Territory Partnering Agreement to be executed by the Chief Executive/Director of Finance as noted within Recommendation bullet point 3.

Recommendation

The Board is asked to **approve**:

- (i) the selection of SPACE Limited as the private sector development partner in hubco as recommended by the South East Territory Programme Board;
- (ii) the establishment of hubco, the investment in hubco shareholding of £3.33 and the provision of working capital of £33.33K (£300K / 9 shareholding participants), financed from enabling funds provided centrally;
- (iii) the entering into of the Territory Partnering Agreement, Shareholders Agreement and Participants' Agreement, with delegated authority to the Chief Executive/Director of Finance to execute the same on behalf of NHS Borders following the resolution of final clarifications and subject to the final agreement of NHS Borders legal adviser;
- (iv) to delegate the approval of the B Shareholders' Director on the Board of hubco to the Participants Representative on the Territory Partnering Board;
- (v) the appointment of South East Territory hub Programme Director (when appointed) as the B Shareholders' Representative and Participants' Representative under and in terms of the Participants' Agreement with delegated authority to take any action, grant any approval or consent or sign any notice required in terms of the Shareholders Agreement and Territory Partnering Agreement;
- (vi) the appointment of David M^cLuckie, Director of Estates & Facilities as NHS Borders representative on the Territory Partnering Board with delegated authority to make any decisions on its behalf which require to be taken by the Territory Partnering Board pursuant to its constitution; and
- (vii) the content of the Territory Delivery Plan, which incorporates the planned Health Centre developments within Roxburgh Street Galashiels, Lauder and Jedburgh.

Policy/Strategy Implications	Scottish Government National Initiative
Consultation	Board previously updated on hub Development

Consultation with Professional Committees	N/A
Risk Assessment	N/A
Compliance with Board Policy requirements on Equality and Diversity	Yes
Resource/Staffing Implications	None

Approved by

Name	Designation	Name	Designation
Calum Campbell	Chief Executive		

Author(s)

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David M ^c Luckie	Director of Estates & Facilities		