

# Disposal of the Frenchay Site

## Full Business Case (FBC)

### COMMERCIALY SENSITIVE

This is a redacted version produced for publication on North Bristol NHS Trust's website (Dec 2015). Redactions relate to information which is either (i) personal data or (ii) commercially sensitive and, if released, would prejudice the commercial interests of the Trust. These redactions will be reviewed following completion of the Phase 1 transfer.

## Version History

Version	Date Issued	Brief Summary of Change	Owner's Name
V1	Not issued	Initial Draft Version	SB
V2	22.05.15	Updated Finance Case	SB
V3	18.6.15	Updated Case following OBC Approval	TD/ DS/MR/PM
V4	19.6.15	Clean version of FBC for issue	TD/DS/MR/PM
V5	08.7.15	Final version for TDA	TD/DS
V6	02.12.15	Updated table in section 5.3 on page 24	MR
V7	10.12.15	Redactions made for disclosure on website	LW/TD

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## Appendices

- A Not used
- B Illustrative Frenchay Masterplan – GVA Grimley

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- C Heads of Terms – Redrow signed copy
- D Draft Contract overview – DAC Beachcroft
- E Overage Deed

### Executive Summary

#### Purpose and Recommendation

This Full Business Case sets out the detailed assessment of the proposal to dispose of the Frenchay site, to select the offer of a preferred developer and proceed to exchange.

On 25 June 2015, the NBT Trust Board approved the Full Business Case and Final Offer received by Redrow Homes for net £[REDACTED]. It now requests FBC approval from the Trust Development Authority (TDA) in order to progress to contract exchange with the developer.

The TDA is now asked to approve the Best and Final Offer received by Redrow Homes for net [REDACTED] to enable the Trust to progress to contract exchange.

#### Overview

Since the creation of North Bristol Trust (NBT) at the end of the twentieth century, the Trust has operated from two acute hospital sites four miles apart; one at Southmead and the other at Frenchay. In 2004 plans for a new 'super-hospital' and a rationalisation of the estate were first drawn up. In May 2014, after 10 years of planning, the vast majority of people and services operating from the Frenchay Hospital site transferred across to the new Brunel building on the Southmead site.

As a consequence of this the Trust is seeking to dispose of the Frenchay site, with the capital receipt generated supporting the financing of North Bristol Trust including capital expenditure and the repayment of associated loans. Appendix B shows the overall Masterplan for the site.

The Strategic Outline Case was approved by the North Bristol Trust Board in September 2014 and by the Trust Development Authority in February 2015. The Outline Business Case was approved by the North Bristol Trust Board in March 2015 and the Trust Development Authority in June 2015. If approved by the North Bristol Trust Board, this Full Business Case will then be issued to the Trust Development Authority for approval.

This Full Business Case builds further on the approved preferred option in the Outline Business Case, namely to dispose of the main site in one transaction with the preferred developer completing the remaining works prior to houses being built on the site. Best and Final Offers (BAFO) have been received and evaluated, and the best bid of [REDACTED] from Redrow Homes has been fully analysed.

The **Strategic Case** sets the background to the development, describing the overall Bristol Health Services Plan, and within this the development of a new 800-bed, privately-financed hospital on the NBT owned Southmead site. The sale of the surplus land at Frenchay was a component part in the affordability of the new hospital as scrutinised and approved by both the Department of Health and HM Treasury.

The investment objectives for this project are as follows:

- To maximise the sales receipt of the land disposal and deliver a net receipt as per the agreed FBC approved by the DOH and HM Treasury in relation to the new PFI hospital (Brunel) on the Southmead site
- To meet DOH guidance re sale of surplus land

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- To maximise and support the use of the PFI facilities (Brunel building) at Southmead

The **Economic Case** describes the appraisal process undertaken for all Best and Final Offers (BAFO) to ensure the correct option is selected as preferred.

Five Critical Success Factors (CSFs) were identified for this project:

- **CSF1: Corporate Responsibility** - Meets the Trust's responsibility as a Corporate Landlord and reduces its liability with regard to health & safety aspects of the site whilst un-developed
- **CSF2: Maximises Disposal Values** - Meets the requirement to maximise the potential sales receipts for the Trust
- **CSF3: Supports Phase 2 of Southmead Hospital development** - Ensures the continued delivery of NBT services including Equipment Decontamination and Park and Ride to facilitate Phase 2 of the Southmead development
- **CSF4: Timescale** - Meets NBTs targets for sales receipts in line with its LTFM and Trust Strategic Direction
- **CSF 5: Capital Funding** – Minimises the requirement for capital from the Trust's internal capital programme

At the Outline Business Case stage, the multiple options for the disposal of the Frenchay site were evaluated. The preferred option to dispose of the main site in one transaction without the need to NBT to complete any further works has been developed in detail within this Full Business Case. GVA Grimley continued the sale with all major house builders who responded to the initial market test that informed the preferred option. The Trust received five Best and Final Offers from house-builders with net offers ranging from [REDACTED] to [REDACTED], subject to final agreement of net developable area and asbestos removal costs.

The **Commercial Case** highlights the Risk Management Strategy and Disposal Strategy. A summary of the current risk matrix is shown below:

Risk Type	Overall Risk Status
Planning	Green
Design	Green
Construction / Works Risks	Green
Operational	Green
Safety & Security	Green
Financial	Green
Commercial	Green
Political	Amber
Externalities	Green
Unforeseen Circumstances	Amber

The **Financial Case** details capital and revenue costs as they are understood. The Trust commissioned Mott MacDonald to assess the indicative costs of completing the various Works Packages required on the Frenchay Site). Further analysis on these costs has enabled a robust understanding to be developed of the likely out-turn costs to deliver each Works Package. The approved preferred option within the Outline Business Case resulted in the costs to complete the two Works Packages at c. £12.2m (net of VAT) with transfer of risk resting with the developer and resulting in a reduction in gross receipt to the Trust.

It should be noted that, following advice, the Trust has 'Opted to Tax' on this disposal. All figures are therefore shown as net of VAT. This position has been formally agreed and confirmed with HMRC. This enables the Trust to recover VAT on any preparation works including professional fees on the site and disposal costs. However, VAT is

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chargeable to the purchaser on the sale of the land. This approach is recognised practice and agreed and understood by all potential bidders.

The **Management Case** summarises the usual project management process required to embed the required degree of robustness within a project of this size and importance. The Frenchay Task & Finish Group have overseen the delivery of this project to date and will ensure that benefits are quantified and captured within a realisation plan. Post Project Evaluation will ensure that these benefits have been delivered within timescales agreed.

A high-level programme has been developed to co-ordinate these works packages and constituent tasks. Works Package 1 (Decommissioning) has followed the required governance processes and is not in the scope of this Full Business Case. It is however included below to support full understanding of the overall Frenchay programme:

Milestone	Timeline
Brunel Hospital, Southmead, opens Majority of People and Services vacate the Frenchay Hospital Site	May 2014
Works Package 1 - Building Decommissioning and Interim Services Re-Provisions Completed	May to February 2014
Approval of Strategic Outline Case for Disposal – NBT Board	September 2014
Approval of Strategic Outline Case for Disposal – TDA	February 2015
Approval of Outline Business Case for Disposal – NBT Board	March 2015
Approval of Outline Business Case for Disposal – TDA Investment Committee	June 2015
Approval of Full Business Case for Disposal – NBT Board	June 2015
Approval of Full Business Case for Disposal – TDA Investment Committee	September 2015
Exchange/Completion with Developer	October 2015
Park + Ride service on the Frenchay site ceases	October/November 2015

The Trust has met all milestones up to and including the approval of the Full Business Case by the Trust Board.

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## 1. Introduction

Since the creation of North Bristol Trust (NBT) at the end of the twentieth century, the Trust has operated from two acute hospital sites four miles apart; one at Southmead and the other at Frenchay. In 2004 plans for a new 'super-hospital' and a rationalisation of the estate were first drawn up. In May 2014, after 10 years of planning, the vast majority of people and services operating from the Frenchay Hospital site transferred across to the new Brunel building on the Southmead site.

As a consequence of this the Trust is seeking to dispose of the Frenchay site, with the capital receipt generated supporting the financing of North Bristol Trust. This disposal was an explicit component of the Appointment Business Case (ABC) in respect of the newly developed Brunel Private Finance Initiative (PFI) on the Southmead Hospital site.

At a national level, as per other NHS Trusts in England, NBT has received clear instruction that the disposal of surplus sites is an intrinsic part of Government Policy<sup>1</sup>. The Trust has already secured Outline Planning Permission for this development, which will see up to 490 houses built as well as the potential for a Health and Social Care Centre (see Appendix B).

This Full Business Case (FBC) seeks to inform North Bristol Trust Board (NBT) and the Trust Development Authority (TDA) of the required process to dispose of the Frenchay site. It sets out the management systems and timescales involved in this process and the various products and outputs required to enable the disposal and the securing of the maximum capital receipt.

This Full Business Case (FBC) assesses the Best and Final Offers (BAFO) received from the marketplace following the full marketing of the site. This Case recommends a preferred developer for approval.

### 1.1 Investment Objectives

The investment objectives for this project are as follows:

- To maximise the sales receipt of the land disposal and deliver a net receipt as per the agreed FBC approved by the DOH and HM Treasury for the development of the Southmead site
- To meet Department Of Health guidance regarding the sale of surplus NHS land
- To enable and support the maximised use of the PFI facilities at Southmead and the completion of the Phase 2 works on the Southmead site

### 1.2 Business Needs

The related business needs are as follows:

- Safety – To ensure the Trust manages the site to reduce risk associated with:
  - Asbestos Containing Materials (ACM)
  - Termination of live services
  - Robust management of residual Radiation and other Substances Hazardous to Health
- Operational - To ensure the remaining Trust and third party services are able to deliver a safe and resilient service
- To deliver a temporary "Park and Ride" solution at the Frenchay site for staff to facilitate Phase 2 of the development of the Southmead site
- To ensure the Trust delivers its obligations of corporate and social responsibility as a public sector body

Maintaining safety on the Frenchay site is considered by the Trust to be paramount. The range of legislation that must be adhered to by the Trust includes:

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<sup>1</sup> NHS Growth & Efficiency Fund January 2014



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- The Health & Safety at Work Act 1974
- The Occupiers Liability Act 1984 (duty to protect against trespass)
- The Corporate Manslaughter and Corporate Homicide Act 2007
- The Management of Health & Safety at Work Regulations 1999
- The Control of Substances Hazardous to Health 2002 (incl. Legionella)
- The Control of Asbestos Regulations 2012
- The Confined Spaces Regulations 1997
- The Ionising Radiation Regulations 1999
- The Work at Height Regulations 2005 (falls for height).
- The Pressure Systems Regulations 2000
- The Electricity at Work Regulations 1989

### 1.3 Local Residents/ 'Good Neighbour' Considerations

NBT has a long history of engagement and support from the local community in the provision of care at Frenchay. The Trust is continuing to engage the Local Authority, Parish Council and residents groups on the future developments taking place on the site. Furthermore the Trust has committed to designate land for utilisation as a Village Green which will be legally constituted once land ownership transfers.

North Bristol Trust considers it has an important duty as a 'Good Neighbour' and for this reason has to date elected to enact a strategy of carefully managing the risks through close engagement with the public, specifically through the Frenchay Residents Liaison Group.

This approach and the desire to ensure that the overall transition of the site is carefully and sensitively managed led to the Trust nominating a specialist sub-contractor for the most sensitive phase of the overall project, specifically the removal of asbestos and the demolition of the disused hospital buildings.

### 1.4 Main Outcomes and Benefits

The investment objectives of the proposed investment are summarised in the table below, which also shows the rationale from the case for change and the benefits and measures of success to be adopted. It also identifies the benefit criteria for the assessment of options within the Economic Case.

Investment Objective	Case for Change	Benefit Criteria	Measure
To maximise the sales receipt of the land disposal and deliver a net receipt as per the agreed FBC approved by the DH and HM Treasury	Programme of Works is final part in overall whole health economy modernisation of North Bristol healthcare	Maximises the net receipt for land	Facilitates the highest sale value
To meet DH guidance re sale of surplus land	Meets NHS Directive - NHS Growth & Efficiency Fund January 2014	Ensures buildings are decommissioned swiftly to minimise safety risks. Reducing negative visual impact of empty/derelict buildings.	Sale of Frenchay Site
To maximise the use of the PFI facilities at Southmead	Transfer of all relevant services to Southmead.	Enables the completion of Phase 2 development on the Southmead site and the fulfilment of the overall Site Master Plan	Services transferred according to Project Timetable

## 1.5 Constraints

- There must be no adverse impact on operational performance to retained services during the phased Removal of asbestos and demolition of redundant buildings
- There must be no adverse impact on the continued delivery of the Equipment Decontamination Unit and the Park and Ride services to facilitate Phase 2 of the Southmead development

## 1.6 Dependencies

- Availability of Trust capital to fund the project if this is the preferred option
- Surveys, investigations and assessments do not uncover unexpected findings incurring time and finance consequences
- Satisfactory maintenance of support services to Four Seasons Healthcare facilities, specifically BIRU and the renamed Frenchay Beckspool Building

## 2. The Strategic Case

### 2.1 Strategic Context

#### Bristol Health Services Plan

In 2005 the Bristol Health Services Plan was approved by all stakeholder public sector organisations within the City of Bristol and the surrounding counties of South Gloucestershire and North Somerset. This outlined a strategic vision for the delivery of healthcare services across the city in a 'hub and spoke' service model, with associated significant investment in capital infrastructure over a circa 10 year timeframe.

The Plan explicitly acknowledged that the number of acute hospital sites would reduce from the three at the time, specifically Frenchay and Southmead (operated by North Bristol Trust) and the Bristol Royal Infirmary (operated by University Hospitals Bristol). Extensive work was carried out by North Bristol Trust to determine the preferred option for one 'super hospital', to both align to the Bristol Health Services Plan and enable the rationalisation of the existing two NBT sites into one.

In 2009 the Full Business Case for the development of a new hospital on the Southmead site was approved by the Department of Health and HM Treasury. This approved the building of a new 800-bed hospital to be built on the Southmead hospital site, subsequently named the Brunel building. With a value of £430m, this would be funded via a Private Finance Initiative mechanism.

Within this approved business case was an explicit recognition that the sale of land on the Frenchay site, and the realising of a net capital receipt estimated to be [REDACTED] (including all land parcels), would be key to the overall financial health of North Bristol Trust. This would fund the repayment of PFI enabling loans and support the cash impact of additional cash required as part of the unitary payment in the early years of the contract (sculpting payments).

The key strategic drivers for this project can therefore be summarised as:

- An agreed Bristol Health Services Plan
- Approved business case for the development of a PFI on the Southmead site
- Explicit recognition within the Business Cases that the Frenchay site would be sold
- A significant reduction of Trust revenue costs associated with running the Frenchay site
- The Trust's Corporate Responsibility in ensuring a safe and secure site during the course of the project
- An understanding that this project is the next step in an already agreed strategic programme to develop health and social care services to the people of North Bristol.

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### The Health Economy Infrastructure in Bristol

The local Health & Social Care economy in Bristol and surrounding areas is split between two acute providers – North Bristol Trust (NBT) and University Hospitals Bristol Trust (UHBT). These two acute Trusts generate revenues of £1bn per annum, and provide a number of specialist regional services for both adult and paediatric care.

The Trust provides services to a local catchment population of just under 1 million people. The catchment population for the Trust's specialist services is approximately 3 million.

In addition to the two acute hospital sites in the city are a number of smaller NHS facilities providing complementary services for the local population. These include:

- South Bristol Community Hospital
- Thornbury Hospital
- Cossham Hospital
- Yate Westgate Centre
- Clevedon Hospital



Additionally there are a number of smaller Independent Sector and private healthcare facilities, including:

- Care UK, Independent Sector Treatment Centre (Emersons Green), Bristol
- Spire Hospital, Bristol
- Nuffield Health St Mary's Hospital, Bristol

### North Bristol Trust (NBT) Services

NBT is one of the largest healthcare provider Trusts in the UK, and the largest Trust in the South West - with an income of £540m in 2014/15 and around 9,000 whole time equivalent staff.

The Trust provides a full range of secondary acute care for the local catchment population in Bristol, North Somerset and South Gloucestershire (BNSSG). NBT also has a strong portfolio of specialist tertiary services that serve the regional population outside the local catchment area and delivers a range of specialist services that include:

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- Neurosciences
- Orthopaedics
- Plastic surgery
- Renal & Transplant
- Reproductive Medicine
- Major Trauma
- Vascular Surgery

This is an exciting time for NBT, its Trust Board and its staff. In the calendar year 2014, the following activities took place within the Trust:

- Rationalising from two acute hospital sites to one, through the relocation of the overwhelming majority of staff and services from the Frenchay into the new Brunel building
- Implementing the new 'ways of working' in the Brunel building designed to offer more responsive, more efficient and higher-quality services to patients
- Centralisation of Specialist Paediatric Services at University Hospitals Bristol
- Centralisation of Urology, Breast Care and Head/Neck Services from University Hospitals Bristol at NBT
- Overseeing the safe and effective transfer of South Gloucestershire Community Health to Sirona Health
- Centralisation of Vascular Services from University Hospital Bristol and Royal United Hospitals Bath at NBT

The strong and wide-ranging list of specialist tertiary services sees the Trust receive a significant amount of annual income from non-local commissioners, notably NHS England. This is shown in the table below:

**Local Catchment Populations and Income Profiles**

Commissioner	Population	% of elective activity	% of non-elective activity	% of Trust income
NHS South Gloucestershire	262,400	34%	40%	30%
NHS Bristol	433,100	31%	36%	29%
NHS North Somerset	209,300	12%	6%	7%
Other commissioners	N/A	23%	18%	34%

*Source: ONS, NBT income system*

### Health and Social Care Centre (HSCC) Land

As part of the planning process, the Trust agreed to reserve 5.8 acres (gross) in its master plan for the Frenchay site at the outline stage. This reserved area will be available for any future development of a health care facility provided that any reserved matters application accord with the outline planning permission uses granted for this part of the site. The Trust has assumed that it will receive a market receipt for any land transferred to a provider of a future facility. Local commissioners have not yet finalised plans for the future provision of community/rehabilitation health care services in the Frenchay area. When these are available, discussions on land use can continue. This area of land is not ransomed as it is owned by NBT and rights have been reserved in favour of NBT for access and utility provision eliminating any ransom strips. Section 106 commitments have been agreed with South Gloucestershire Local Authority for all of the Frenchay site and do not include any requirement or funding for healthcare facilities for the population.



## 2.2 Case for Change

The Case for Change is predicated on the need to fully realise the benefits and maximise the use of the new Brunel building on the Southmead site as soon as practicably possible. This building became fully operational on 28 May 2014. The final piece in the over-arching programme will be the sale of the Frenchay site to release funds to support the on-going finances of the Trust. With this goal in mind, the Trust has expended considerable time and energy over a number of years, working with key stakeholders to progress the long-term plans for the Frenchay site.

South Gloucestershire Council have a 'Concept Statement' stage within their planning process, and this was issued for comment in autumn 2012. Extensive work with the Council and local people has resulted in the Trust securing an Outline Planning Permission in December 2014 to build up to 490 houses on the Frenchay site. A Development Control Plan showing the intended use of the site is included in Appendix B.

Additionally the Trust has worked with the applicant in response to a Town or Village Green application (TVG), with a Voluntary Village Green included within the Section 106 agreement secured with South Gloucestershire Council.

The vast majority of services transferred from the Frenchay site to the Brunel building on the Southmead site from 18-23 May 2014. Works to decommission the empty buildings commenced on the Frenchay site immediately afterwards. These works were completed in February 2015. It should be noted that until spring 2016 the Trust is utilising a number of buildings and parking spaces to facilitate the completion of works on the Southmead site (referred to as 'Phase 2').

As a consequence of the above, the Trust is anticipating achieving a capital receipt from the Frenchay disposal in the financial year 2016-17. This has been included within the Long-Term Financial Model (LTFM).

The full project scope is described below:

Work Package	Scope
Works Package 1	Site safety and decommissioning, completed and subject to previous business case
Works Package 2	Asbestos removal Demolition
Works Package 3	New primary utility services re-provisions - new gas, water, electricity and telecommunications services
Sales Strategy	Method and timeliness of the sale of land on the site

## 3. The Economic Case

### 3.1 Critical Success Factors

Five Critical Success Factors (CSFs) were identified for the project:

**CSF1: Corporate Responsibility** - Meets the Trust's responsibility as a Corporate Landlord and reduces its liability with regard to health & safety aspects of the site whilst un-developed

**CSF2: Maximises Disposal Values** - Meets the requirement to maximise the potential sales receipts for the Trust

**CSF3: Supports Phase 2 of Southmead Hospital development** - Ensures the continued delivery of NBT services including the Equipment Decontamination Unit and Park and Ride services to facilitate Phase 2 of the Southmead development

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**CSF4: Timescale** - Meets NBTs targets for sales receipts in line with its LTFM and Trust strategic direction

**CSF 5: Capital Funding** – Minimises the requirement for capital from the Trust's internal capital programme

### 3.2 Determining the Preferred Option at Outline Business Case (OBC) Stage

As would be expected for a disposal project, there were multiple options to identify the optimal disposal method for the Frenchay Site. It should be noted that as the capital receipt from the sale of the Frenchay site is a key part of the financing of the new Brunel building on the Southmead site, with the Southmead redevelopment Appointment Business Case having been approved by both the Treasury and the Department of Health, a 'Do Nothing' option has not been included in this case.

Within the approved Strategic Outline Case a number of options for disposal were identified, including both investment options and sales options. These were:

Investment Option Number	Description
Investment Option 1	Sell without undertaking any additional Works Packages (Do Nothing)
Investment Option 2	Sell as a fully remediated site i.e. following NBT completing Works Package 2 (Asbestos Removal and Demolition)
Investment Option 3	Sell as a fully remediated and serviced site i.e. following NBT completing Works Packages 2 + 3 (Asbestos Removal and Demolition, Re-provision of Primary Utilities)

Sale Option Number	Description
Sales Option A	Sell all land in one transaction
Sales Option B	Sell land in multiple transactions

During the development of the options in the Outline Business Case (OBC), Investment Option 2 (i.e. do Works Package 2 but not 3) was discounted from the appraisal as this would delay the sales receipts, result in additional ongoing security costs and was not appealing to bidders as part of the market testing exercise. This left the following options to be assessed against the Critical Success Factors of the project:

- Option 1 – Sell land as one parcel and NBT completes Works Packages 2 + 3
- Option 2 – Sell land as one parcel and the developer completes Works Packages 2 + 3
- Option 3 – Sell land as multiple parcels and NBT completes Works Packages 2 + 3
- Option 4 – Sell land as multiple parcels and the developer completes Works Packages 2 + 3

The North Bristol Trust Board approved that the Frenchay site should be formally marketed to gain the necessary intelligence to further inform the appraisal on identifying the preferred option for securing Best and Final Offers (BAFO). At a high-level this market intelligence confirmed the following:

- That there was significant interest in the Frenchay site from all main house-builders
- There was an appetite to secure the whole site as opposed to individual phases with minimal difference in the value of the capital receipt
- That there was minimal difference in net capital receipt between NBT fully remediating the site itself prior to exchanging contracts and the land being exchanged in its current state

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In order to support the appraisal, the following assumptions were made:

- If NBT completed Works Packages 2 + 3 itself these works would take 18 months to complete, and the land could not be marketed until 2017 with the first receipt targeted for 2017/18
- If the Developer completed Works Packages 2 + 3 the land could be marketed in 2015 with the first parcel receipt targeted for 2016/17
- If the land was sold in multiple parcels, there would be 4 parcels, with one parcel released each year.
- If the land was sold in parcels, the capital receipt would be received annually over 4 years
- If the land was sold in one parcel the capital receipt would be phased over 5 years

### Options Appraisal

Critical Success Factor	Option 1 One parcel Trust does WP 2 + 3	Option 2 One parcel Developer does WP 2 + 3	Option 3 Multiple parcels Trust does WP 2 + 3	Option 4 Multiple parcels Developer does WP 2 + 3
#1 Corporate Responsibility	Full	Full	Part	Part
#2 Disposal Value	Full	Full	Full	Full
#3 Southmead Phase 2	Full	Full	Full	Full
#4 Timescale	Full	Full	Part	Part
#5 Capital Funding	Not at all	Full	Not at all	Full
Order of Preference	Third (3)	First (1)	Fourth (4)	Second (2)

The results of this exercise confirmed that having considered the strategic, financial, operational and political priorities for the Trust, the preferred option was Option 2, namely that the Trust progress to formally marketing the whole site in its current state (i.e. the developer completes Works Packages 2 + 3).

### 3.3 Determining the Preferred Option at Full Business Case (FBC) stage

Following the determination of the optimal way to market the site to secure the maximum net receipt in Section 3.2 above, GVA Grimley were commissioned to formally market the whole site in its current state for Best and Final Offers. The results of this exercise were assessed against a series of criteria which were agreed by the key Executives and Non-Executives involved in the project.

The criteria and appropriate weighting selected were as follows:

Scoring Criteria	Weighting
Net Present Value Net Offer	70%
Overage	10%
Bidder Financial Strength	10%
S106 assumptions	5%
Abnormal Foundations Allowed	5%
<b>TOTAL</b>	<b>100%</b>

The Trust received Five Best and Final Offers from house-builders with net offers ranging from [REDACTED] to [REDACTED]. These offers were assessed against the agreed criteria to determine the preferred option for the project:



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Bidder	Bellway	DWH	Linden	Persimmon	Redrow
Net offer (NPV) 70%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjustment for school site & TVG	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjustment to provisional sum for Asbestos	-£600,000	-£600,000	-£600,000	-£600,000	-£600,000
Adjustment for Unforeseen ground conditions	-£500,000	-£500,000	-£500,000	-£500,000	-£500,000
Forecast Receipt (NPV)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Score	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Overage 10%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Score	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bidder financial strength 10%	D&B rating 5A1	D&B rating 5A1	D&B rating 5A1	D&B rating 5A1	D&B rating 5A1
Score	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
No. units	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
S106 allowed	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
S106 per unit	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
S106 assumptions in line with GVA guidance 5%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Score	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Abnormal foundations allowed 5%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Score	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ranking	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	First

Following the assessment, preferred option for the overall disposal of the Frenchay site is to dispose of the whole site in its current state to Redrow Homes.

## Disposal of the Frenchay Site – Full Business Case (FBC)

There are two matters which impact on the figure of [REDACTED] namely:

- Reduction in land for sale (Net Developable Area) as land for primary school as agreed within the S106 is finalised between Redrow Homes and South Gloucestershire Council and the adjoining proposed Voluntary Village Green. This has been computed to 1.96 acres and the financial impact is included in the table above.
- The cost of removing the asbestos from the redundant buildings has now been ascertained through a tender process and will require the provisional sum to be increased by circa £600k.

Additionally it would be prudent to include a provisional risk sum for unforeseen ground conditions under the building footprints which could be encountered following the completion of the demolition works

These are generic items and apply to all bids.

### Sensitivity Analysis

The table below outlines the main sensitivities remaining within the sales process and the cash or revenue impact.

Sensitivity	Impact	Revenue Impact	Cash Impact
Additional unforeseen ground conditions	Reduction in sale receipts	Nil	£0.5m reduction in sales receipts
Delay in exchange and completion of contracts results in enquiry on Town or Village Green application	Delay in sale receipt of at least 18 months resulting in additional site related costs (revenue ) and delayed and possible reduction in net sale receipts	£1.5-2.0m	£6.8m delayed cash receipt in 2015/16

## 4. The Commercial Case

### 4.1 Scope of Works

The required products and services (Works Packages) in relation to the disposal are listed as follows:

Work Package	Scope
Works Package 2	Asbestos Removal, Demolition
Works Package 3	New Primary Utility Services Re-Provisions <ul style="list-style-type: none"><li>- new gas, water, electricity and telecommunications services</li></ul>
Sales Strategy	Method and timeliness of the sale of land on the site

### 4.2 Ongoing Services Remaining on the Frenchay Site

In May 2014 the vast majority of people and services operating from the Frenchay site transferred across to the new Brunel building on the Southmead site. This is in line with the Trust's vision of one 'super hospital' to service local patients, and enables the rationalisation from two acute hospital sites to one.

However there is a 'Phase 2' of works on the Southmead site, which mostly focusses on providing additional car parking facilities, an Equipment Decontamination Unit and the completion of the landscaping work on the site. This work is programmed for completion in 2016.

In light of this and following analysis, the Trust has taken a commercial decision to retain some of the buildings and car parking facilities on the Frenchay site. This supports the Trust both in delivering service continuity to patients, staff and represents best value for money.

As a consequence the programme to deliver the various Works Packages needs to align with this operational

## Disposal of the Frenchay Site – Full Business Case (FBC)

requirement up to 2016.

### 4.3 Contractual Arrangements

The marketing of the site to secure the best value for money offer for the Trust was completed on the open market and was responded to by all major house building companies of the scale to absorb such a large area.

The untendered cost of the completion of Works Packages 2 + 3 (which would be completed by the developer under the approved preferred option) is valued at £12.2m. These costs are based upon an independent written quotation and further interrogated by the Trust's cost advisors, with costs assigned to cover a number of additional factors.

It should be noted however that in line with the NHS Capital Investment Manual, these estimates are classified as appropriate for those at Full Business Case stage (i.e. 90% probability of being achieved within 10%).

The Trust has also used a Property and Construction Consultant (Ridge & Partners LLP) to undertake tender reviews for the works packages. This was to ensure that they offer value for money, that the net offer from the developers was accurate and that the Trust did not lose out from additional risk premiums or unrealistic cost estimates.

The milestones for the site marketing, planning application and contract awarding for the overall project are listed below:

Activity	Timeline
Initial Site Valuation by advisors	November 2013
Outline Planning Application lodged	December 2013
Open Market Testing (inc. report)	July-October 2014
Outline Planning Application Approved (inc. S106 contributions)	December 2014
Formal Marketing of whole site (inc. report)	December 2014-February 2015
Preferred Bidder and Under-bidder status awarded	February 2015
Heads of Terms agreed	May 2015
Completion	October 2015 (subject to TDA approval)

### 4.4 Key Contract Terms

The Heads of Terms (see Appendix C) between NBT and Redrow Homes are **unconditional** on Redrow Homes' side (subject to approval of the main contract by the Redrow Homes' Board) and **conditional** on NBT's side on the following:

- Trust Development Authority Approval of the Full Business Case
- Registration of the Village Green (between NBT and the applicant)

The Heads of Terms also list the following key items:

- Payment Terms – [REDACTED]
- Overage agreed [REDACTED] –see attached Appendix E
- Collards Contract (to strip asbestos and demolish) novated to the purchaser

## Disposal of the Frenchay Site – Full Business Case (FBC)

A draft contract has been produced by DAC Beechcroft and a review of the key terms is outlined in Appendix D.

### 4.5 Personnel Implications (including TUPE)

TUPE (Transfer of Undertaking and Protection of Employee) will not apply in the case of this disposal project.

### 4.6 Risk Management and Mitigation

When quantifying, managing and mitigating risks, the general principle is to ensure that risks should be passed to “the party best able to manage them”, subject to value for money (VFM). The Trust has developed a robust mechanism to identify, manage and mitigate risk.

The risk management strategy is based upon the following principles:

- Identifying possible risk in advance, putting in place mechanisms to minimise the likelihood of risks occurring and their associated adverse effects;
- Having processes in place to ensure up to date, reliable information about risks is available, and establishing an ability to effectively monitor risks;
- Establishing the right balance of control is in place to mitigate the adverse consequences of risks, should they materialise;
- Setting up decision-making processes, supported by a framework of risk analysis and evaluation.

The main risk areas currently identified are as follows:

#### a. Planning

Outline Planning Permission for the sale of the site was achieved on December 10th 2013 at a special planning committee. The Section 106 Agreement to allow the grant of planning permission was formally signed in December 2014.

Overall Risk Status **Green**

#### b. Design

The risks associated with design relate to the overall programme as opposed to Works Package 3 specifically. There remain some design risks around the interim services network and the connection to third parties on the site. Design risks should be fully mitigated prior to Works Package 3.

Overall Risk Status **Green**

#### c. Construction / Works Risks

There are several risks which could affect the delivery of this project. All but one relate to the impact of unforeseen events:

1. Cost impacts of unforeseen works and discovery
2. Unforeseen service diversions
3. Contaminants and mud/debris passed from the site onto local highway infrastructure
4. Unforeseen conditions including statutory undertakings and drainage

All these risks have mitigating countermeasures against them which will be reviewed at regular intervals to ensure they are relevant and then acted upon.

Overall Risk Status **Green**

## Disposal of the Frenchay Site – Full Business Case (FBC)

### d. Operational

There are two main operational risks affecting the successful delivery of the remaining Works Packages:

1. Maintaining safe services to remaining occupants on Frenchay Site whilst demolition works are undertaken
2. BIRU patients require 24/7 access to emergency ambulance services

Risk countermeasures will be in place to ensure these risks are mitigated before implementation of the work packages.

Overall Risk Status **Green**

### e. Safety & Security

There is one main risk under the safety & security heading which could potentially impact on this project:

1. Breach of Construction Design Management (CDM) Regulations

This will be mitigated by the appointment of competent personnel and early involvement of the CDMC after the initial design right the way through to project completion.

Overall Risk Status **Green**

### f. Financial

Several risks fall under the financial banner which could impact on the project. Unforeseen circumstances (mentioned above) could have implications if surveys and scoping is not undertaken systematically and robustly. The Trust is also currently developing a Recovery Plan.

However as the preferred option for the project is for the Trust to not carry out any further Works Packages the overall risk profile is now low.

Overall Risk Status **Green**

### g. Commercial

There are no risks within this category which have a risk exposure score higher than 6 (low end of "medium risk"). However all known risks relate to lack of maintenance of services on site and potential income loss (revenue) which would not impact on the delivery of this project.

Overall Risk Status **Green**

### h. Political

The local residents and Councillors are highly interested and powerful stakeholders in this project. The creation of up to 490 houses on the site will have a notable impact upon the Frenchay Village, and this needs to be managed carefully and sensitively. The political risk is further influenced by the area of land outside the scope of this disposal project earmarked for the creation of a Health and Social Care Centre.

Political issues are being actively managed via the Frenchay Residents Liaison Group, chaired by the Trust Chief Executive, involving local Councillors (Parish and Ward) and local residents. Throughout the development of the Frenchay site scheme, engagement has been ongoing with the Residents' Liaison Group on the progress of the disposal, demolitions and agreement on the Town or Village green registration.

The remaining risk on the health and social care land relates to the risk of delays to the commissioning of a facility on the available land by Clinical Commissioning Groups. The land would remain unoccupied if a facility is not progressed which could be unpopular to local residents, but the key risk relates to the effect of a lack of communication with residents about plans and progress. To support local engagement and to mitigate any political risk relating to local residents, the Residents' Liaison Group will be maintained through any development of a new health and social care facility to provide the essential communication channel to this group of stakeholders.

## Disposal of the Frenchay Site – Full Business Case (FBC)

It is noted that this risk has been largely abated over the last few months through a strong engagement of the NBT team with the residents during which it has been explained that the commissioners of services are carrying out further evaluation of the health needs to the geographical area before further progressing any potential scheme at Frenchay.

Overall Risk Status **Amber**

### i. Externalities

There are several risks in the middle of the “medium risk” category and one risk which falls into the “high risk” category, relating to changes in the VAT rate. A change in VAT is highly unlikely given the current economic climate.

Overall Risk Status **Green**

### j. Unforeseen Circumstances

Town or Village Green – impact of not fixing boundaries and the registration is further delayed and triggers the formal enquiry. This will halt the exchange of contracts and require a re-marketing exercise in approximately 18 months

Delay Risk – Continued expense for security and good neighbour implications

Unforeseen ground conditions below 1.2m under building footprints is a risk that sits with the Trust as the purchaser could not carry out site investigations in these areas whilst the buildings were occupied. A suitable allowance has been made in the bid analysis in section 3.3 and the forecasted receipt adjusted accordingly.

Overall Risk Status **Amber**

## 5 The Financial Case

The financial implications of the disposal will be closely aligned with the Trust's Long Term Financial Model. The basis and rationale for including both potential expenditure and sales receipts within Trust figures has been well-described within the Full Business Case for the Southmead Hospital redevelopment already submitted to and approved by both the Department of Health and HM Treasury in 2009.

The receipts from the sale are required to support the 5 year capital programme including repaying the capital loan taken out in 2009/10 which funded essential PFI preparatory infrastructure works. The summary 5-year capital plan in section 5.2 shows that the Trust needs to retain the receipts from the sale of Frenchay land of [REDACTED] to fund the capital programme, loan repayments and UP sculpting payments. There is limited scope for reducing expenditure over that period and a significant proportion of the Trust's depreciation relates to the new PFI and therefore is not available for supporting replacement expenditure or necessary retained estate investment.

This 5-year capital plan included in section 5.2 has been updated and refined and now assumes that the cost of asbestos removal, demolitions and the re-provision of primary infrastructure (valued at £12.2m) are met by the developer in line with the Outline Business Case.

### 5.1 Preferred Financial Option for FBC

The preferred option identified at OBC stage was that the land should be sold in one parcel and the developer completes works packages 2 and 3.

Following this, the site has been formally marketed and the land receipts assessed as follows:

[TABLE REDACTED]

As can be seen from the table above, the offer from Redrow Homes has the highest NPV and the values have



## Disposal of the Frenchay Site – Full Business Case (FBC)

been included in the overall scoring in section 3.

### 5.2 Cash and Balance Sheet Position

The tables below are extracts from the Trusts Long Term Financial Model which demonstrate the cash position each year assuming receipts of [REDACTED]. Over the 5 year period the Trust plans to invest the receipts in essential capital investment and repay the capital loan outstanding.

#### Cash flow and balance sheet from Long Term Financial Model (overleaf)

	15/16	16/17	17/18	18/19	19/20	20/21
	£m	£m	£m	£m	£m	£m
<b>Balance Sheet</b>						
Non-Current Assets	502.1	496.9	487.9	484.2	478.6	473.1
Current Assets	69.1	58.1	55.3	52.7	67.5	87.0
<b>Total Assets</b>	<b>571.2</b>	<b>555.0</b>	<b>543.1</b>	<b>536.9</b>	<b>546.1</b>	<b>560.0</b>
Liabilities Current	(108.4)	(101.0)	(100.1)	(98.3)	(112.0)	(130.5)
Liabilities Non - Current	(414.7)	(402.1)	(391.0)	(381.5)	(372.0)	(362.5)
<b>Total Assets Employed</b>	<b>48.1</b>	<b>52.0</b>	<b>52.0</b>	<b>57.0</b>	<b>62.0</b>	<b>67.0</b>
<b>Tax Payer Equity</b>						
Public dividend capital	279.3	293.2	296.2	296.2	296.2	296.2
Retained Earnings (Accumulated Losses)	(311.7)	(324.7)	(324.7)	(319.7)	(314.7)	(309.6)
Revaluation reserve	80.4	80.4	80.4	80.4	80.4	80.4
<b>Total Taxpayers Equity</b>	<b>48.1</b>	<b>52.0</b>	<b>52.0</b>	<b>57.0</b>	<b>62.0</b>	<b>67.0</b>

	15/16	16/17	17/18	18/19	19/20	20/21
	£m	£m	£m	£m	£m	£m
<b>Cash Flow</b>						
Operating cash flows before movements in working capital	31.5	43.5	56.5	61.6	61.5	61.5
Movement in working Capital	(3.7)	0.1	(3.8)	0.3	(3.3)	0.4
<b>Net cash inflow/(outflow) from operating activities</b>	<b>27.9</b>	<b>43.6</b>	<b>52.7</b>	<b>61.9</b>	<b>58.2</b>	<b>61.9</b>
<b>Cash flow from investing activities</b>						
Property, plant and equipment and intangible asset expenditure (including investment property)	(23.9)	(17.0)	(13.1)	(16.5)	(16.6)	(15.0)
Proceeds on disposal of property, plant and equipment and intangible assets (including investment property)	-	-	-	-	-	-
Other cash flows from investing activities, e.g. expenditure or proceeds from investments & Dividends	-	-	-	-	-	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(23.9)</b>	<b>(17.0)</b>	<b>(13.1)</b>	<b>(16.5)</b>	<b>(16.6)</b>	<b>(15.0)</b>
<b>CF before Financing</b>	<b>4.0</b>	<b>26.6</b>	<b>39.6</b>	<b>45.4</b>	<b>41.6</b>	<b>46.9</b>
<b>Cash flow from financing activities</b>						
Public Dividend Capital received	38.0	16.9	-	-	-	-
Public Dividend Capital repaid	-	-	-	-	-	-
Dividends paid	(0.8)	1.4	1.5	1.6	1.7	1.9
Interest (paid) on loans and leases	(34.3)	(34.3)	(34.3)	(34.3)	(34.3)	(34.3)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-	-	-	-
Interest received on cash and cash equivalents	-	-	-	-	-	-
Drawdown of loans and leases	-	-	-	-	-	-
Repayment of loans and leases	(3.8)	(6.2)	(2.3)	(0.9)	(0.9)	(0.9)
Capital Repayment of PFI	(9.6)	(9.8)	(9.8)	(10.1)	(8.6)	(8.6)
Other cash flows from financing activities	-	-	-	-	-	-
<b>Net cash inflow/(outflow) from financing</b>	<b>(10.5)</b>	<b>(32.0)</b>	<b>(44.9)</b>	<b>(43.8)</b>	<b>(42.1)</b>	<b>(41.9)</b>
Cash at Beginning of period	-	-	-	-	-	-
<b>Net cash outflow/inflow</b>	<b>(7.6)</b>	<b>(5.4)</b>	<b>(12.2)</b>	<b>(2.4)</b>	<b>(16.5)</b>	<b>(15.0)</b>
Cash at end of period	-	-	-	-	-	-

The table below is an extract from the Trust's 5-year capital programme. This shows that the Trust needs to invest the proceeds received from the disposal of the Frenchay site over the period shown:



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Income & expenditure position	15/16 £000	16/17 £000	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	Total £000
Building running costs	-418	0	0	0	0	0	0	-418
Security	-540							-540
Reduced interest rates		96	193	58	0	0		347
PDC dividends	67	89	81	165	190	95	0	688
Other	-42							-42
Net impact on I&E	-933	186	274	223	190	95	0	35
<b>Cash Flow</b>								
Land receipts								
Costs of disposal	-664	0	0	0	0	0	0	-664
VAT on capital costs *	0	0	0	0	0	0	0	0
Revenue costs	-1,000	0	0	0	0	0	0	-1,000
Reduced interest rates	0	96	193	58	0	0	0	347
PDC dividends	67	89	81	165	190	95	0	688
Net impact on cash flow								
<b>Balance Sheet</b>								
Cumulative PPE impact								
Cumulative cash impact								
Net impact on balance sheet								

### 5.4 VAT Implications

As referred to earlier in this case, the Trust submitted an 'Option to tax' to HMRC in October 2013 which has been approved. This approval ensures that VAT will be charged on the eventual sale and allows input tax to be reclaimed in full.

### 5.5 Accounting Considerations

The land at Frenchay is currently valued at estimated sales proceeds less costs to sell in line with IAS 16. In line with good practice the land will be revalued prior to sale, therefore no gain or loss on sale is anticipated. As at 31 March 2015 the Trust has classified Frenchay land as non-current assets held for sale in line with IFRS 5. The valuation at 31 March 2015 was £30.6m which includes the land associated with any future development of a Health and Social Care Centre.

## 6 Management Case

### 6.1 Programme and Project Management Arrangements

The Trust has established a robust and inclusive project structure to ensure successful delivery of the programme of works to dispose of the Frenchay site and support retained services. Recognising the importance, political sensitivity and complexity of this disposal project, the project is overseen by the Chairman and Chief Executive. The project is managed using the principles of Prince2 project management methodology and the Project Manager is a trained Prince2 practitioner and MSP practitioner.

Fundamental to the way in which activities have been structured is recognition that the project needs direction, management and control. The project organisation reflects ownership of the programme at the highest level and includes representation from across the organisation, to ensure that the wider business objectives of the Trust are met. The primary objectives of the project organisation are to ensure:

- Ensure that programme resources are allocated according to the clinical priorities and strategic

## Disposal of the Frenchay Site – Full Business Case (FBC)

### Summary 5-year Capital Plan from NBT's Long Term Financial Model

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m	£m
<b>Expenditure</b>						
Estates schemes	36.4	8.2	6.1	1.0	12.9	9
Lorenzo	4.0	3.6	0.0	0.0	0	0
Other IT	5.5	3.8	2.2	1.3	1	3
Medical Equipment	8.2	3.2	3.8	5.0	3.5	3
Brunel Phase 2	0.0	6.6	0.2	0.0	0	0
Frenchay disposal costs	4.7	0.7			0	0
Other	1.0	3.7	5.3	5.8	1.1	1.6
	59.8	29.9	17.6	13.1	18.5	16.6
<b>Funding</b>						
Depreciation	17.3	16.4	16.1	16.2	16.2	16.2
PDC	27.5					
Frenchay receipts						
land receipts	0.0	1.5				
PFI	0.0	6.6	0.0	0.0	0.0	0.0
Other	0.0	2.1	0.3	0.0	0.5	0.5
<b>Total Funding</b>						
<b>Surplus/(Deficit)</b>						

### 5.3 Revenue Costs

In support of the critical success factor to support the Trust's development of the Phase 2 area of Southmead hospital, several of the buildings on the site have been retained in the short-term. Additionally the site has to be secured, along with remaining insurance and low-level rates and building running costs. These costs have been assessed as £1.042m in 2015/16.

There is however a retained revenue cost associated with the site even with all buildings empty. A swift exchange and completion of the site would enable NBT to reduce the revenue costs associated with the Frenchay site.

The table below shows the incremental impact of the sale on the key financial statements. The net revenue position is broadly neutral over the 7 year period.

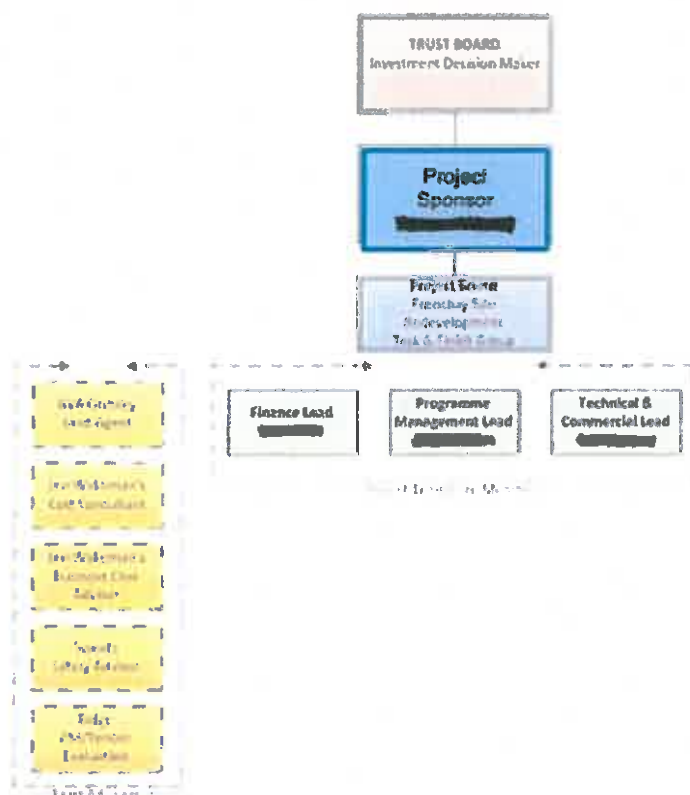
## Disposal of the Frenchay Site – Full Business Case (FBC)

objectives of the Trust;

- Ensure that products and outputs are delivered in line with agreed programmes and timescales;
- Ensure that products and outputs meet the agreed quality and specification criteria requested by the Trust Board

A sufficient project budget has been allocated to this project to cover the costs of staffing, advisors, decommissioning and disposal costs. These disposal costs are included in the overall financial allocation for the project of £4.7m in 2014/15 and £0.7m in 2015/16 as set out in section 5.2.

The overall structure for delivery of the wider Frenchay programme is reflected in the diagram below:



## 6.2 Project Responsibilities

The Trust Director of Facilities is the overall Project Sponsor; he is the accountable officer for the project, and has overall responsibility for delivering the project, ensuring value for money, and ensuring the project represents an appropriate use of public funds. The Chief Executive and Chairman play a very significant role in this disposal.

The Project Board (The Frenchay Site Redevelopment Task & Finish Group) meets regularly and is the project 'engine room', and includes both Executive and Non-Executive Board members and other key stakeholders. It is responsible for the overall management of the scheme and is accountable to the Trust Board.

This group also scrutinises individual plans and recommends business cases for onward approval via the Trust's internal governance mechanisms (Finance and Performance Committee and Trust Board). A mechanism for regular reporting directly to the Trust Board has been established via a monthly highlight report.

The Project Board is comprised of the following members. Time allocated by members of the Trust to support the delivery of the project objectives is set out in the table below. Given the nature of the project, clinical time has not been required.

:

Name	Title	Time Allocation
------	-------	-----------------

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[REDACTED]		(days/month)
[REDACTED]	Chief Executive Officer	0.5
[REDACTED]	Chairman	0.5
[REDACTED]	Finance Director	1.0
[REDACTED]	Non-Executive Director (now left Trust)	0.5
[REDACTED]	Head of Communications & Marketing	0.5
[REDACTED]	Head of Health and Capital Planning (Project Manager)	2.0
[REDACTED]	Technical & Commercial Director	8.0
[REDACTED]	Commercial & Legal Services Manager	1.0
[REDACTED]	GVA Grimley	
[REDACTED]	GVA Grimley	

The core Project Team members are co-ordinated by the Health and Capital Projects Team, who are responsible for developing the overall Frenchay Programme plan and monitoring progress against milestones. The team also provides a vehicle for wider representation across the health and social care system, and will convene clinical representatives and operational management representation and working groups as required.

A list of Trust advisors is listed below. These are managed by the Trust's Technical Director, who co-ordinates their work to ensure project goals are achieved.

Organisation	Role
GVA Grimley	Land Agent
Lee Wakemans	Cost Consultant/ Business Case Advisor
Ridge & Partners LLP	Project Manager / Tender Evaluation
DAC Beachcroft	Legal Advisor
Sweetts	Safety Advisor

These advisors were appointed through a process of competitive tendering or are included in the Trust's framework agreements, having shown they provide value for money to the Trust.

### 6.3 Business Case Process

The Trust follows guidelines within the Capital Investment Model and HM Treasury 5 Case Model in delivering its business case obligations, i.e.

- Strategic Outline Case (already approved by NBT Board and TDA)
- Outline Business Case (already approved by NBT Board)
- Full Business Case (FBC) – this document

## Disposal of the Frenchay Site – Full Business Case (FBC)

A high-level programme has been developed which co-ordinates these works packages and constituent tasks. Works Package 1 (Decommissioning) followed the required governance processes and is not in scope of this Full Business Case. It is however included below to support full understanding of the overall Frenchay programme:

Milestone	Timeline
Brindley Hospital, Southmead, opens Majority of People and Services vacate the Frenchay Hospital Site	May 2014
Works Package 1 - Building Decommissioning and Interim Services Re-Provisions Completed	May to February 2014
Approval of Strategic Outline Case for Disposal – NBT Board	September 2014
Approval of Strategic Outline Case for Disposal – TDA	February 2015
Approval of Outline Business Case for Disposal – NBT Board	March 2015
Approval of Outline Business Case for Disposal – TDA	June 2015
Approval of Full Business Case for Disposal – NBT Board	June 2015
Approval of Full Business Case for Disposal – TDA Investment Committee	September 2015
Exchange/Completion with Developer	October 2015

All changes up to approval of the Outline Business Case have been achieved to date.

There are a number of inter-dependencies with other parts of the Trust's or partner organisations' programmes. These include:

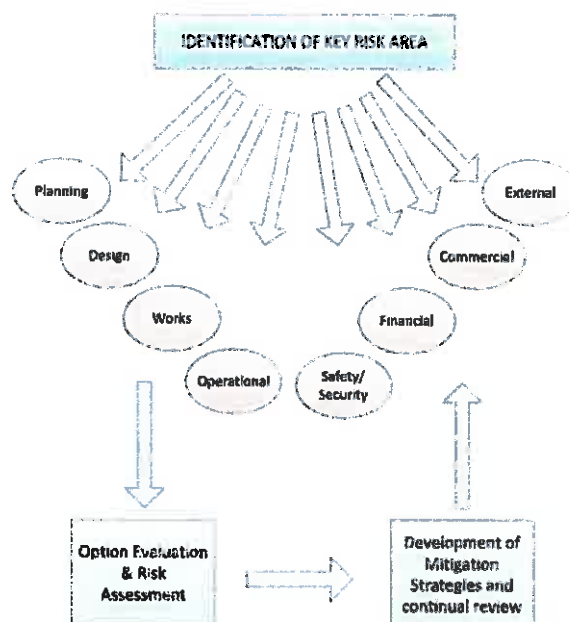
Milestone	Timeline
Development of Burden for offices, HITU and Headway	March 2015 (complete)
Closure of Frenchay park and ride service	October 2015 (on track)
Completion of phase 2 PFI & transfer of equipment decontamination services to Southmead	August 2016 (on track)
Development of HSCC – subject to CCG development plans	TBC

## 6.4 Risk Management

A risk assessment has been undertaken covering the range of risks identified by the Project Team. This is regularly evaluated and updated as the project/programme moves through its anticipated lifecycle. The high-level summary and risk status is included earlier in this case within the Commercial Case.

The categorisation of the risks and the methodology to deliver a quantified risk is shown below:

## Disposal of the Frenchay Site – Full Business Case (FBC)



The risk management strategy for the Trust and this particular project is based upon the following principles:

- Identifying possible risk in advance, putting in place mechanisms to minimise the likelihood of risks occurring and their associated adverse effects;
- Having processes in place to ensure up to date, reliable information about risks is available, and establishing an ability to effectively monitor risks;
- Establishing the right balance of control is in place to mitigate the adverse consequences of risks, should they materialise;
- Setting up decision-making processes, supported by a framework of risk analysis and evaluation.

The Trust has implemented a robust and iterative process in its management of risk in this project. This has involved several reviews of the Project Risk Register, with mitigation strategies reducing the net effect of risks and the sums identified to cover them.

These risks will be evaluated against each of the identified long-list options at Outline Business Case Stage

### 6.5 Post Project Evaluation

All NHS organisations have a duty to evaluate capital projects where they cost more than £1m, to duly learn from them and to report the findings of the evaluation to the DOH. Guidance has been produced for undertaking Post Project Evaluation (PPE) as part of the Capital Investment Manual.

The project will be evaluated by undertaking the following investigations:

- A review of the strategic case made for the project to confirm that it is still relevant;
- A review of the Full Business Case capital and revenue costs to confirm that:
  - the capital costs were robust and adhered to, and
  - the actual and projected revenue costs were realistic.
- A review of the project programme and adherence to it throughout the life of the project;
- A review of the benefits detailed in the Benefits Realisation Plan and confirmation that they have been met.

A benefits realisation plan has been developed for the project linked to the Critical Success Factors set for the projects as set out in the table below.



## Disposal of the Frenchay Site – Full Business Case (FBC)

Benefit	Measure	Timescale
<b>CSF1: Corporate Responsibility</b> - Meets the Trust's responsibility as a Corporate Landlord and reduces its liability with regard to health & safety aspects of the site whilst un-developed	Cost of litigation	Throughout
<b>CSF2: Maximises Disposal Values</b> - Meets the requirement to maximise the potential sales receipts for the Trust	Values achieved	From Oct 2015
<b>CSF3: Supports Phase 2 of Southmead Hospital development</b> - Ensures the continued delivery of NBT services including the Equipment Decontamination Unit and Park and Ride services to facilitate Phase 2 of the Southmead development	Closure of Park and Ride by contract end date	Oct 2016
	Closure of decontamination facility	Oct 2016
<b>CSF4: Timescale</b> - Meets NBT's targets for sales receipts in line with its LTfM and Trust strategic direction	Values achieved according to LTfM	From Oct 2015
<b>CSF 5: Capital Funding</b> – Minimises the requirement for capital from the Trust's internal capital programme	Outturn costs for capital works	Oct 2015

## 7. Recommendation

This Full Business Case sets out five cases (strategic, economic, commercial, financial and management) regarding the disposal of the main Frenchay site in a single transaction. It proposes that the preferred developer will complete the remaining works on the site prior to houses being built. It includes an analysis of the Best and Final Offers submitted by interested developers and recommends the appointment of a preferred developer.

On 25 June 2015, the NBT Trust Board approved the Full Business Case and Final Offer received by Redrow Homes for net [REDACTED]. It now requests FBC approval from the Trust Development Authority in order to progress to contract exchange with the developer.



