

Monklands Replacement Project (MRP)
Site Selection Process

Report on Option Appraisal Process
23 September 2020 (2.0)

DRAFT - NOT FOR FURTHER CIRCULATION

List of Contents

1. Executive summary
2. Introduction
3. Background
4. Site Identification & Selection Process
5. Postal Weighting & Scoring Process
6. Site Feasibility Option Appraisal
7. Economic Appraisal
8. Risk Appraisal
9. Site Feasibility Option Appraisal Scores
10. Next Steps

List of Appendices

- A. The Consultation Institute (tCI) Letter of confirmation
- B. tCI Weighting and Scoring Report
- C. Verification of option appraisal principles – Scottish Capital Investment Manual (SCIM) – Paul Mortimer, Health Facilities Scotland (HFS)
- D. Financial Analysis – Currie & Brown
- E. Capital cost build up per site – Currie & Brown
- F. tCI Evaluation of participant comments
- G. Risk Appraisal – MRP Technical advisers
- H. tCI verification of risk appraisal

1. Executive Summary

Please note that the site scores do not represent a decision by the Board of NHS Lanarkshire on the location of the new University Hospital Monklands.

NHS Lanarkshire has undertaken a process to assess three short-listed sites for the replacement of University Hospital Monklands. The final option appraisal scores are:

Site	Gartcosh	Glenmavis	Wester Moffat
Score	194.12	156.84	195.74

There are three factors which impact upon these final scores:

1. **Non-financial scoring** undertaken by public and staff (postal scoring)
2. **Combined economic appraisal** (financial and non-financial scoring)
3. **Risk Appraisal**

The first factor is the combined non-financial scoring undertaken by public and staff.

The second factor is the combined economic appraisal (non-financial and financial scoring) which reflects the cost of building at each site and the cost of additional emergency department attendances at Gartcosh and Glenmavis due to cross-boundary flow.

The third factor is the risk appraisal which further considers contamination, cross-boundary flow and transport infrastructure.

A final decision on site selection will be made by the Cabinet Secretary for Health & Sport following a recommendation from NHS Lanarkshire's Board. The Board will take into account the scores and a range of other information as part of its decision making process.

A two-week period of engagement now begins to seek feedback on the site option appraisal process and outcome. This will run from 30 September 2020 until midnight on 18 October 2020.

2. Introduction

The current objective of the Monklands Replacement Project is the completion of a series of business cases which, when approved by Scottish Government, will allow the construction of a new hospital to replace University Hospital Monklands. The business case process takes the form of four key stages, as directed by the new Scottish Capital Investment Manual (SCIM).

- First and second stages - Strategic Assessment and Initial Agreement - were completed by October 2017, at which point NHS Lanarkshire Board agreed the third stage.
- Third stage - Outline Business Case (OBC) - should be prepared. This work is ongoing.
- Fourth stage – Full Business Case (FBC) – follows successful completion of the OBC.

This paper describes the methodology adopted and outcome of the process which sits within the OBC development to determine which site option can demonstrate best-value for the Scottish Government. Best value refers to the most advantageous combination of the whole-life cost, quality (fitness for purpose) and sustainability. This best-value determination in itself is contained within an option appraisal process as set out in new SCIM with the following scored elements:

- Determination of non-financial benefits of each option, and their scoring by key stakeholders (public and staff);
- Determination of the economic elements (financial and non-financial) of the proposed options;
- Determination of any significant risks associated with the respective options.

All of the these elements are then combined to determine a final score for each option relative to the others which will then assist the NHS Board to determine a preferred option for recommendation to the Scottish Government. The Board will take into account a range of other information as part of its decision making process.

This preferred option, if approved by the Scottish Government, will then be incorporated into the OBC for consideration in due course by the NHS Board and Scottish Government. The OBC will describe the timescale and costs of building such a hospital. If this is approved by Scottish Government, then a Full Business Case (the fourth stage set out in new SCIM) will be prepared. The FBC process includes the procurement of a main contractor, and sets out the negotiated price and programme for the construction of the hospital. When the FBC is agreed by

Scottish Government, funds will be made available for the work on building the new University Hospital Monklands to proceed.

3. Background

NHS Lanarkshire undertook a comprehensive and detailed exercise to assess site options for the development of a replacement for University Hospital Monklands in June 2018. This process involved the consideration of four strategic options by a group of key stakeholders (members of the public, staff and Scottish Ambulance Service):

1. do nothing;
2. refurbish the existing hospital buildings;
3. build a new hospital on the existing UHM site;
4. build a new hospital on a different site.

This process identified a highest scoring option (Option 4 - build a new hospital on a different site). Two alternative sites: Gartcosh and Glenmavis (plus the existing site), were then assessed by the stakeholder group. Gartcosh had the higher score when non-financial and financial benefits score were combined as per original SCIM.

This was followed by a formal process of public consultation which was undertaken between July 2018 and October 2018.

The 2018 decision making process was not completed because in November 2018 the Cabinet Secretary for Health & Sport initiated an Independent Review of the option appraisal process. The Independent Review reported in June 2019 and made three main recommendations:

1. NHS Lanarkshire should make provision for new independent (external) members to the Monklands Replacement/Refurbishment Project (MRRP) Board
2. NHS Lanarkshire should re-evaluate the top two scoring options - Gartcosh and Glenmavis
3. A clear vision for the existing Monklands site should be developed

In addition, the Cabinet Secretary advised that the existing site should be excluded from further consideration as it was not a practical option. She also directed that NHS Lanarkshire seek to identify further sites which could be considered for the new hospital location.

All of these recommendations and directions were adopted by NHS Lanarkshire, as described below.

1. NHS Lanarkshire established an additional Board governance committee in November 2019, Monklands Replacement Oversight Board (MROB), to provide assurance on decision making processes in respect of the Monklands Replacement Project. This comprises non-executive directors, independent external experts and members of the public. MROB is also chaired by a non-executive director.
2. NHS Lanarkshire engaged specialist external advisers, the Consultation Institute (tCI) to provide advice and direction on the completion of the option- appraisal process. A methodology was then developed to re-evaluate the top two scoring options (Gartcosh and Glenmavis) plus any additional sites which emerged. This methodology is set out in section 4 below.
3. A partnership group was established in March 2020 with North Lanarkshire Council, the University of Strathclyde and North Lanarkshire Health & Social Care Partnership to develop plans for the future use of the existing hospital site in conjunction with the local community. This will now be taken forward as a separate project, independent of the Monklands Replacement Project.

4. Additional Site Identification & Option Appraisal Process

The site selection and option appraisal process comprises of a number of key stages:

- Identify and assess potential additional sites
- Provide detailed information on all shortlisted sites
- Process for nomination and selection of public participants in scoring event
- Process for determining benefits criteria in advance of scoring event
- Public and staff events
- People's Hearing
- Weighting and scoring event to determine non-financial benefit scores
- Notification of outcome of scoring process (combined best-value scoring for non-financial and economic elements)
- Feedback on outcome

NHS Lanarkshire asked members of the public and North Lanarkshire Council (NLC) property team to identify sites which may be suitable for the development of a new hospital. Sites nominated were considered against the following agreed selection criteria:

- Must sit within the University Hospital Monklands unscheduled care catchment area.
- Must be a minimum of 40 developable acres.
- Must have no detrimental impact on adjoining unscheduled catchment areas of hospitals in Lanarkshire, Glasgow or Forth Valley.
- Must be designated by NLC to permit appropriate development.
- Must have sufficient road and transport infrastructure to support the development of a major hospital site.

One site, farm land at Wester Moffat, met these criteria and NHS Board approval was given to add this site to the short list of potential sites in January 2020. The short list is (in alphabetical order): Gartcosh, Glenmavis & Wester Moffat.

Detailed information on each of the three short-listed sites was then published on NHS Lanarkshire's public website and comments on its accuracy and validity invited. This detailed information related to a wide range of areas including transport, travel times, access, transport infrastructure, capital costs, ground contamination, and cross boundary flow, and equality/diversity impact assessments were also published.

Nominations were sought from members of the public and staff to participate in a weighting and scoring exercise. A total of 100 participants were sought. In addition, nominations for benefits criteria to be utilised in the weighting and scoring exercise were invited from the public.

Public events were also held to share details of the site selection process and seek feedback from members of the public. These events were held in Airdrie, Coatbridge, Cumbernauld and Gartcosh.

A People's Hearing process was then held on 2 March 2020 to consider any concerns raised on the validity and accuracy of the published site information and to review the nominations submitted for benefits criteria. The People's Hearing panel comprised an independent chair (Consultation Institute associate), two independent subject matter experts plus key members of

the external technical adviser team - Currie & Brown (lead adviser), Keppie's (architects) and WSP (transport and contamination/ground condition experts).

The People's Hearing panel concluded that no submissions had been presented which provided evidence to challenge any of the published information relative to each of the three potential sites. They also recommended that five benefits criteria should be adopted for the weighting and scoring process. The criteria are:

- Travel times by road and public transport - patients
- Travel times by road and public transport - staff
- Access/connectivity to regional centres
- Contamination
- Impact of cross boundary flow

A public and staff weighting and scoring event took place on 10 March 2020, hosted by the Consultation Institute (tCI), with formal presentations from the MRP external technical adviser team. The event was attended by almost 90 participants selected at random from those who either self-nominated to take part in the scoring process or who indicated a preference to be further involved through a representative survey which was also undertaken.

This event was unsuccessful in reaching an outcome: NHS Lanarkshire and tCI concluded that there were flaws over the validity of the weighting and scoring due to the failure of the electronic scoring system. There were also concerns that the agreed proportions of participants by locality had not been achieved and the total participant level did not reach the required number of 100. The process was then paused due to lockdown arrangements associated with the Covid-19 pandemic.

5. Postal Process to determine non-financial benefit scores

Recognising the restrictions on social distancing and shielding following lockdown that were put in place as part of the Covid-19 response NHS Lanarkshire asked the Consultation Institute to develop a process which would enable a weighting and scoring process to be restarted and taken forward safely.

A process was designed by the Consultation Institute with support from the Electoral Commission and was subject to a period of testing and validation prior to proceeding. All members of the public and members of staff who had already nominated themselves to participate were invited to do so.

This is a multi-criteria analysis and the process undertaken to complete the non-financial assessment of options has been as set out by the Consultation Institute, validated by Health Improvement Scotland – Community Engagement (HIS-CE) and approved by the NHS Board.

The postal weighting and scoring process was independently conducted by the Consultation Institute during July and August 2020. They have confirmed that they are satisfied that the process was conducted in line with best practice and that they received sufficient responses from members of the public and staff to provide assurance on robustness and transparency. *Their confirmation letter is attached at Appendix A.*

The process was concluded satisfactorily on 14 August 2020 and the Consultation Institute issued their validated outcomes on 26 August 2020. *This is attached at Appendix B.*

A total of 174 responses were received for the weighting of benefits criteria and a total of 178 responses were received for site scoring.

The outcome of the weighting part of the exercise is:

Criterion 1: travel times (public)	Criterion 2: travel times (staff)	Criterion 3: access/connectivity	Criterion 4: contamination	Criterion 5: cross- boundary flow impact
31.10%	22.96%	19.27%	14.47%	12.20%

The outcome of the postal scoring part of the exercise is:

	Gartcosh	Glenmavis	Wester Moffat
Weighted by participant, weighted by criterion	5319.07	4295.15	4808.18

Within this combined score, there was significant variation in the scores submitted by the various public and staff groups. A sensitivity analysis of the scores and elements making up these scores (i.e. splits between the communities and staff groups) is shown *in Appendix B*.

6. Site Feasibility Option Appraisal to determine financial benefit scores

The Scottish Capital Investment Manual (SCIM) (*Outline Business Case – pages 24/25*) sets out the requirement and mandates the need to undertake an economic appraisal (including non-financial benefits weighting and scoring –postal process) and a risk appraisal and combine these to inform determination of the preferred option.

In order to complete this process both appraisals are converted into scores relative to 100 allowing the individual scores to be added together to provide a single score to inform the decision making process.

This process should be adopted to assist site selection in complex projects where site selection is required prior to development of an option. This is called site feasibility option appraisal – *SCIM Outline Business Case – Page 9*.

This process has been undertaken for the site selection exercise. *Paul Mortimer (Health Facilities Scotland) lead author of SCIM has confirmed that this approach meets SCIM requirements – Appendix C*

7. Economic Appraisal

This appraisal aligns the scores from the weighting and scoring exercise (postal scoring) against the cost of each option to determine a cost per benefit point.

The calculation captures the capital and recurring revenue costs associated with each option and develops a Net Present Cost (NPC) for each option which allows comparison by combining both costs and profiling these over a projected building life. A 60 year building life is typical for this type of building. The capital costs considered include all costs to construct the hospital including purchase of land, design costs, site preparation, equipment and building costs. The revenue costs considered at this stage only include those costs which are expected to differ between the sites – lifecycle costs at each site plus additional emergency department attendances at Gartcosh and Glenmavis resulting from cross-boundary flow. Additional inpatient costs are excluded as these will be recovered separately. *The process adopted and the detailed calculations are set out by our cost advisers, Currie & Brown, in a paper at Appendix D.*

The capital costs were set out in February 2020 for each option and are attached at Appendix E.

The NPC costs are then aligned to the score for each site enabling the Net Present Cost per benefit point to be calculated. A final score for each option, relative to 100, is then calculated.

This is set out below:

Economic Appraisal	Gartcosh	Glenmavis	Wester Moffat
Net Present Cost (000's)	£542,800	£521,000	£512,500
Points scored	5,319.07	4,295.15	4,808.18
NPC Cost per benefit point (000's)	£102,047.91	£121,322.89	£106,589.19
Score	100	84.11	95.74

A sensitivity analysis is then undertaken to determine whether the ranking of the options changes by adjusting a number of common cost factors. The costs factors applicable are ‘abnormals’ which includes contamination and ground condition remediation (for all three sites) and additional revenue (Gartcosh and Glenmavis only) which addresses the cost of additional emergency department attendances resulting from cross-boundary flow.

The NPC per benefit point outcomes are shown below:

	Gartcosh	Glenmavis	Wester Moffat
Abnormals +10%	£102,442.72	£122,067.91	£107,213.12
Abnormals +20%	£102,837.53	£122,812.94	£107,837.06
Abnormals -10%	£101,653.11	£120,577.86	£105,965.25
Abnormals -20%	£101,258.302	£119,832.83	£105,341.31
Revenue +10%	£102,461.52	£121,485.86	n/a
Revenue +20%	£102,845.13	£121,625.55	n/a

The sensitivity analysis confirms the outcome of the initial economic appraisal.

8. Risk Appraisal

The third element of the scoring process is the assessment of risks for each option to ensure that any further differential elements are fully considered and objectively assessed. This has been completed in accordance with *SCIM - Risk Management – Pages 4/5*.

A number of concerns were raised by participants during the weighting and scoring exercise of factors which could have a bearing on the site selection options.

The factors are:

- Contamination – the risk that there might be more contamination than identified so far
- Cross-boundary flow- the risk the patient flows for unscheduled care from East Glasgow might be greater than anticipated so far
- Transport infrastructure – the risk that the planning assumptions for key roads infrastructure may have underestimated the actual requirements of the new hospital
- Impact on travel for people on low incomes

The Consultation Institute has reviewed these and recommended that the first three are risk assessed by our expert advisers with the fourth being considered as part of the Fairer Scotland Duty Assessment. This recommendation was endorsed by HIS-CE. Both of these processes (Risk Assessments, and the Fairer Scotland Duty Assessment) have been completed by participants who had no knowledge of the benefit scores.

The Consultation Institute review is attached at Appendix F. Their recommendation is also included in their confirmation letter at Appendix A.

The following advisers have undertaken the risk assessment

:

- Currie & Brown - lead adviser and cost adviser
- WSP – Ground conditions and contamination advisers
- WSP – Transport infrastructure advisers
- Buchan Associates – Healthcare planning and cross boundary flow advisers

These technical risk factors, as noted above, were considered, assessed and scored on 24 August 2020 by MRP technical advisers. *Their detailed report is attached at Appendix G.* This report has been reviewed by the Consultation Institute and they have validated the approach adopted. *Their letter of validation is attached at Appendix H.*

Location	Risk Factor	Likelihood	Impact		Score
Gartcosh	Contamination	3	3		9
	Cross-Boundary Flow	3	2		6
	Road infrastructure	2	1		2
	Total				17
Glenmavis	Contamination	4	3		12
	Cross-Boundary Flow	2	1		2
	Road infrastructure	2	4		8
	Total				22
Wester Moffat	Contamination	2	3		6
	Cross-Boundary Flow	2	1		2
	Road infrastructure	2	4		8

	Total				16
--	--------------	--	--	--	-----------

A score, relative to 100, was then determined. This is set out below:

Risk	Gartcosh	Glenmavis	Wester Moffat
Contamination - What would be the risk of greater than expected levels of contamination?	9	12	6
Cross-Boundary Flow - What would be the risk of greater than allowed for cross-boundary flow?	6	2	2
Transport Infrastructure - What is the risk of infrastructure assumptions being wrong?	2	8	8
Total	17	22	16
Score	94.12	72.73	100

9. Site Feasibility Option Appraisal Scores

The final option assessment as set out in *SCIM – Outline Business Case – Pages 24/25* is undertaken by combining the economic appraisal (financial and non-financial scoring including postal scoring) and risk appraisal scores to reach a total combined score.

The summary outcomes are set out below:

Evaluation results	Gartcosh	Glenmavis	Wester Moffat
Economic Appraisal	100	84.11	95.74
Risk Appraisal	94.12	72.73	100
Combined Total	194.12	156.84	195.74

This provides a clear objective assessment of the financial and non-financial benefits using a multi-criteria analysis methodology as per SCIM.

10. Conclusions and Next Steps

Please note that the site scores do not represent a decision by the Board of NHS Lanarkshire on the location of the new University Hospital Monklands.

The final option appraisal scores are:

Site	Gartcosh	Glenmavis	Wester Moffat
Score	194.12	156.84	195.74

There are three factors which impact upon these final scores:

1. **Non-financial scoring** undertaken by public and staff (postal scoring)
2. **Combined economic appraisal** (financial and non-financial scoring)
3. **Risk Appraisal**

The first factor is the combined non-financial scoring undertaken by public and staff.

The second factor is the combined economic appraisal (non-financial and financial scoring) which reflects the cost of building at each site and the cost of additional emergency department attendances at Gartcosh and Glenmavis due to cross-boundary flow.

The third factor is the risk appraisal which further considers contamination, cross-boundary flow and transport infrastructure.

A final decision will be made by the Cabinet Secretary for Health & Sport following a recommendation from NHS Lanarkshire's Board. The Board will take into account the scores and a range of other information as part of its decision making process.

A two-week period of engagement now begins to seek feedback on the site option appraisal process and outcome. This will run from 30 September 2020 until midnight on 18 October 2020.