

Case 59

United Kingdom (Scotland)

Smart and Sustainable Cities Sector

Hub Programme

International PPP Centre of Excellence

People First PPPs for the United Nations Sustainable Development Goals



THE GLOBAL GOALS
For Sustainable Development

Project:	hub Programme
Project Proponent:	David MacDonald, National hub Programme Director
Project Organization:	Scottish Futures Trust



Public Organizations: Scottish Government, Scottish Futures Trust

Private Organizations: 5 hub companies across Scotland (hub South East, hub North, hub West, hub East Central, hub South West), and associated private sector development partners

Capital Providers: Aviva, Nord LB

Why this project is a Case Study for People First PPPs:

Across Scotland, the five hub companies are developing a vast range of community infrastructure projects; from the development, construction and maintenance of multi-million pound high school campuses and health centres through to small refurbishment projects. Each hub company works to create a partnership with their public partners by identifying funding options, developing specific service solutions, reconfiguring existing assets and strategic service priorities by designing, building and maintaining bespoke facilities at value prices. The multi-award winning hub programme provides flexibility to enable high quality community infrastructure solutions to address the social, environmental and educational challenges facing Scotland. These exceptional and inspiring facilities promote equality for all, sustainability, value for money and efficient community outcomes across the nation.



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Where: The hub programme is a Scotland-wide initiative to deliver community infrastructure through an innovative partnership between public and private sectors

Why: Requirement to improve service outcomes while replacing healthcare, educational and community facilities across Scotland as well as to provide advice and governance capabilities to the public sector to significantly improve the procurement process

What: Improve equality, health and attainment levels whilst simultaneously creating employment opportunities by delivering much-needed infrastructure

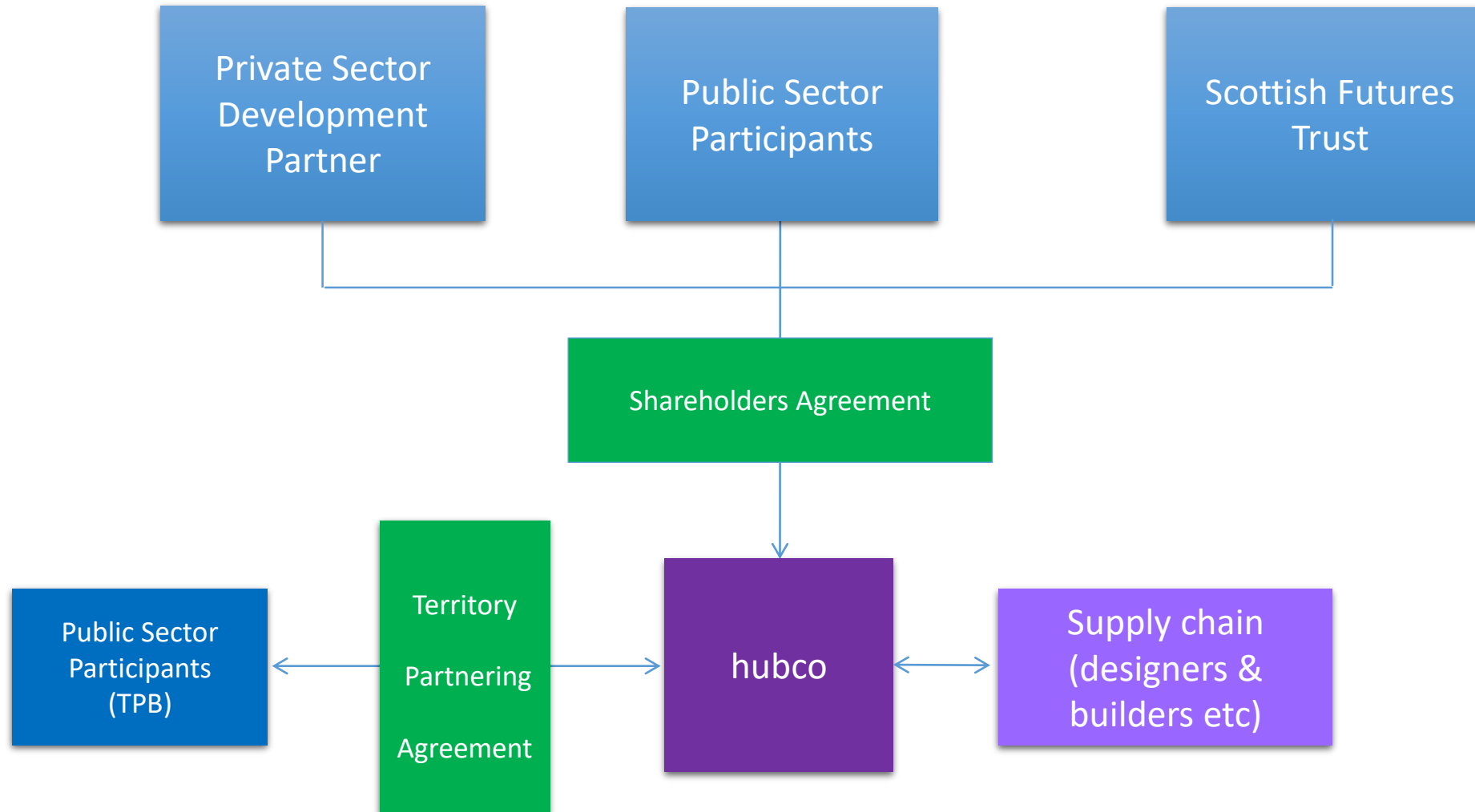
Who: Scottish Government, Scottish Futures Trust, Funders / Delivery Partners, hub companies

Haddington Primary School: delivered by hub East Central





Hub Company Structure



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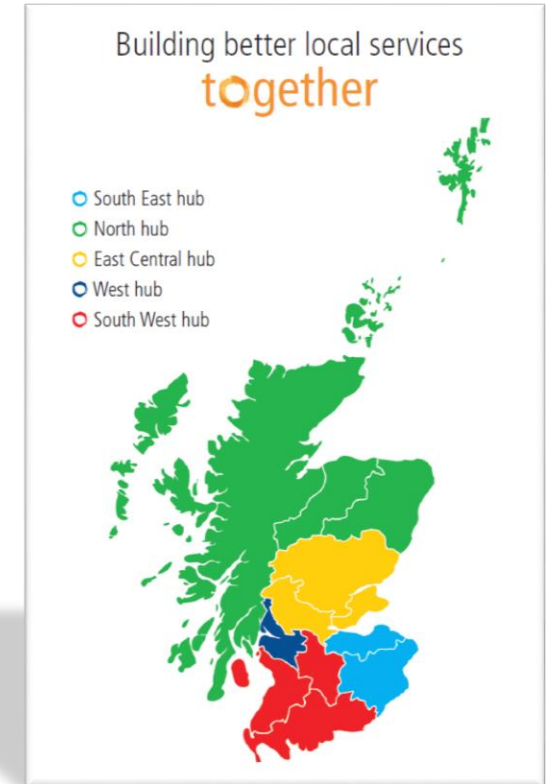
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Vision

The main aim of the hub Company is to establish a long-term, trusted, working relationship with each of the public sector bodies within their area. Together the sharing of knowledge and encouraging joint working and efficiencies, the partnership environment contributes towards state of the art facilities such as schools, hospitals, health centres and other civic buildings for the people of Scotland. Economies of scale are achieved by the bundling of some projects within the portfolio, resulting in more facilities being built without increasing the original amount of funding. This combination contributes towards reducing inequality through improved educational spaces and fully integrated health care facilities. Improved outcomes are achieved by considering the needs of the community and wrapping bespoke building solutions around the service outcomes.

Governance

Scottish Futures Trust undertakes validation by carrying out Key Stage Reviews (KSRs) of projects at key stages in procurement. The KSR process is designed to support the successful delivery of revenue funded projects delivered through the hub initiative as Design Build Finance and Maintain (DBFM) projects by providing an assessment of the readiness and application of best practice (including SFT Value for Money (VfM) guidance) of the projects before they move onto the next stage in the procurement process. Each project will use the Standard Form Contract, resulting in reduced time and costs spent addressing legal issues relating to the hub Programme. The expectation is that the Standard Form Contract will be substantially un-amended, a certain degree of customization will be necessary to reflect the individual features of particular projects. Any customization to the contract must be approved Scottish Futures Trust as part of the governance process.



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Measures of Success

The hub Programme is managed around the following:

- Optimum risk allocation
- Whole-life costing
- Lifecycle and facilities management
- Performance-based payments to the private sector
- Capped returns for the private sector
- Operational surpluses generated by the Project Company are reinvested in the public sector
- Standard contract agreements
- Delivering measurable, long-term benefits for the community



RIAS Award Winning Project: Eastwood Health Centre, delivered by hub West

The above features allow hub to secure value for money facilities and support the communities through job creation and educational opportunities. Scottish Futures Trust undertakes governance a guidance, enabling and governance role in the public private partnership, increasing transparency and accountability and providing vital financial / borrowing expertise.

Often, projects are bundled together across the programme, enhancing economies of scale for the procuring authority, access to better borrowing rates and reducing overall procurement timeframes. The picture in the top left is part of the award winning Maryhill and Eastwood Health Centres bundle. Eastwood Health Centre is now being used as a reference design project for health centres across Scotland and the programme.

The measures of success above and the increased efficiencies derived from the Standard Form Contract have contributed towards reduced costs and timeframes for delivering projects: the average weighted cost of capital is 4.44% and the average procurement time is 14 months.



Key Performance Indicators (KPIs):

Each hub project has a set of project specific Key Performance Indicators (KPIs) and each hub company benchmarks their projects against other public sector procurement routes to ensure they remain competitive and based on best practice. KPIs are set by the procuring authority and are designed to reflect the needs of the community.

RIAS Award Winning Project: Ardrossan Medical Centre, delivered by hub South West



Typical KPIs for a hub infrastructure project:

- Health and Safety
- Management Systems
- Programme Delivery
- Value for Money
- Quality
- Partnering and Collaboration
- Community Benefits
- Sustainability



Escalating the (Case Study) project:

The hub programme could be replicated in other countries where there is a need for both revenue and capially funded infrastructure projects:

1. Community healthcare and educational facilities could be built using a similar structure
2. Expertise within hub team is crucial to success of programme, emphasis placed on value for money, continuous learning, transparency, accountability, governance processes and collaboration between public / private sectors
3. Partnership, collaboration, commitment and joint working between different public bodies throughout Scotland is key to the success of the programme. Public sector bodies are brought together under one roof and space is rationalized, which results in greater efficiency in delivering service outcomes.
4. Governance role is vital in managing the public / private relationship, similar organisation to Scottish Futures Trust could be replicated elsewhere
5. Flexibility and the ability to react to change is vital. As an example, the initial value of infrastructure projects to be delivered through the hub programme was £1.5bn, which was extended to £2bn in a second phase of infrastructure projects. The adaptability of the hub model resulted in the hub companies being able to react effectively to the increase in infrastructure projects, illustrating the success of the programme in providing high quality infrastructure for Scotland

Recently, Scottish Futures Trust has delivered presentations to representatives of the municipal authorities of Shanghai, focussing on the hub Programme and questions about the hub model structure and project delivery via a public / private partnership. Increasing interest from other governments and countries around the world demonstrates the innovative nature and success of the programme.

Multi-Award Winning Project: Johnstone Town Hall, delivered by hub West



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Stakeholder Engagement:

The hub programme creates community facilities for the community, in the heart of the community, by the community.

The benefits to the local area start before the facilities open, hub works with local stakeholders to ensure that the local community is engaged in the project development / planning.

Events are held to identify supply gain opportunities for small to medium enterprises, supported businesses and third sector organisations before construction of the facility begins.

There are clear recruitment and training opportunities identified for every project which focus on long term employment opportunities for graduates, apprenticeships, work placements and engagement with local schools and colleges.

To date, 4,500 work placements, 237 graduate placements and 1,206 apprenticeships have been created. Additionally 75% of hub contracts have been awarded to Scottish small to medium enterprises. Improving on the job learning is one of the main priorities for the Scottish Government, the hub Programme sets proportionate and challenging targets for working with schools and colleges and to date have delivered over 86,000 presentations to schools across Scotland.

