

SFT Outcomes Demonstrating progress with impact



2020 CASE STUDY

Outcome 07



Public asset condition and performance is improved through more effective whole-estate management and maintenance

Operational Contract Management

Supporting health boards in handback of hospitals

Across Scotland, there are many essential buildings such as schools and hospitals, built and maintained through Public Private Partnerships (PPPs). These PPP contracts, which are often complex and need active management, require the public sector to make monthly payments to the private sector to ensure their buildings are properly looked after for approximately 25 years, after which handback arrangements apply.

Since 2009, when the Scottish Futures Trust (SFT) was established, SFT's Operational Contract Management (OCM) team has offered and provided support to public bodies with operational PPP projects when problems have arisen or when periodic commercial support is required, resulting in repeated savings as well as significant one-off savings to the public sector.

With some of the early PPP projects coming near to the end of their long term maintenance contract and (in most cases) to be handed over to the public sector, SFT's OCM team identified NHS Highland's facilities at County Community Hospital, Invergordon and New Craigs Psychiatric Hospital, Inverness as a handback pilot project to review.

The objective was to assess if current maintenance standards were meeting contractual requirements and to minimise the risk of the PPP health facilities being handed back with maintenance problems that would be costly to NHS Highland.

Working closely with the health board, SFT's team undertook an assessment of the contract documents and the development of an action plan that would set out the key risks and commercial considerations.

Grant funding was made available by SFT for the appointment of a chartered building surveying practice to undertake a condition survey at both sites. SFT supported the procurement process and worked closely with NHS Highland and the surveyors throughout the survey period and reporting process.



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A post-survey report was presented to NHS Highland highlighting the required next steps including non-building related considerations for lease/property matters, clinical and service plans, Transfer of Undertakings Protection of Employment (TUPE), service proposals post handback and budget implications for the Board.

In addition to crystallising the key risks for NHS Highland, the pilot project highlighted the requirement for SFT to progress the implementation of a programme-wide approach to handback and provide ongoing support to end-of-term PPP contracts.

The pilot project also identified a need for public bodies to make the appropriate resources available to manage and mitigate several complex risks associated with handback.

Future successful handbacks will be founded on early preparations, transparency, a collaborative approach between the public and private sector partners and effective planning taking into consideration the disruption to users that handback works may have.

To increase the opportunities of success, SFT has published a paper setting out key issues in relation to projects nearing the end of contract to assist in ensuring a positive outcome.

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