

NET
ZEROSUSTAINABLE
PLACESINCLUSIVE
GROWTH

SFT Outcomes 2021/22

Demonstrating progress with impact

PRIMARY OUTCOME

04

**INTERNATIONALLY
MOBILE CAPITAL IS
DRAWN IN TO INVEST**

SECONDARY OUTCOMES

05



Well-managed hub DBFM programme is attractive to investors

Since its inception over 12 years ago, the SFT-managed hub Design, Build, Finance and Maintain (DBFM) programme has successfully delivered 55 new community buildings across Scotland, valued at £1.4bn. These community projects comprise:

- 22 health projects (hospitals and health centres)
- 31 education projects (primary, secondary and combined campuses)
- One care home, and
- A pharmaceutical manufacturing facility

The hub DBFM procurement route brings together the design, construction and financing of an infrastructure project, and ensures the building is properly maintained for the entire period of the contract, in the case of hub, 25 years.

The contract structure, level of due diligence carried out at each stage of the development, procurement and construction stages of a DBFM project, together with the operational management for the duration of the 25-year contract creates an environment where investment is relatively safe.

While SFT's hub Programme Management Office (PMO) is not directly involved in the attraction of international investment, SFT's management of the Programme, coupled with its long-term nature and the low risk of investment in hub DBFM projects, has been attractive to investors wishing to invest in the portfolio of DBFM projects.

This case study relates to the development and delivery of a £1.4bn portfolio of revenue funded projects (31 schools and 24 health projects) via SFT's Design, Build, Finance and Maintain (DBFM) model.



As manager of the hub Programme, SFT's role is to act as a guide, an enabler and facilitator and also to challenge project strategy and delivery through the development process of community infrastructure projects.

SFT secured the involvement of investors in the hub DBFM programme by initiating a competitive tender process for funders seeking to invest in our programme of revenue funded projects.

The competitive tendering process reflected the long-term nature of the hub Programme and the risk transfer process involved. Two funders were engaged (Nord LB and Aviva) and the process was refreshed during the period of revenue funded procurement to maintain competition and ensure value for money.

The benefits delivered by this process comprised speed and security of funding on specific terms for the forecast programme of revenue funded projects to be delivered via the hub Programme and best value by maintaining competitive pressure.