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Abertawe Bro Morgannwg
University Health Board



Meeting Date	25 June 2018		Agenda Item	2iv.
Report Title	Swansea Health and Life Science Campuses Business Cases			
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Report Sponsor	Siân Harrop-Griffiths, Director of Strategy			
Presented by	Siân Harrop-Griffiths, Director of Strategy			
Freedom of Information	Open			
Purpose of the Report	The purpose of the report is to update the Board on the development of the draft business case for the Health and Life Science Campus for Swansea as part of the City Deal, and to seek approval for the submission of the draft business case to the Regional Office once complete.			
Key Issues	The ARCH Programme provided the basis for the development of the City Deal which was agreed in March 2017. This is one of 11 projects forming the City Deal proposal. The Health and Life Science Campus will be based at Singleton and Morriston. A Project Board has been established to oversee development of the draft business case, and a draft business case is nearing completion. The draft business case is expected to be ready for submission in mid-July.			
Specific Action Required (please X one only)	Information	Discussion	Assurance	Approval
				X
Recommendations	<p>The Board is recommended to:</p> <ol style="list-style-type: none"> NOTE the progress on developing the draft Business Case for the Swansea Health and Life Science Campus as part of the City Deal. APPROVE submission of the draft Business Case to the Regional Office, based on the information contained within this report. The submission will be made available to Board members, and the Board will be kept updated on progress as the business case is finalised. 			

Swansea Health and Life Science Campuses

1. INTRODUCTION

This paper updates the Board on the development of the business case for the Swansea Health and Life Science Campuses, and seeks approval for the submission of the draft final business case to the City Region, once complete, to seek to secure City Deal funding for the business case.

2. BACKGROUND

The Swansea Bay City Deal was agreed on 20 March 2017.

The City Deal programme encompasses 11 projects across 4 themes of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing. An enhanced Digital Infrastructure & next generation wireless networks and the development of workforce skills and talent will underpin each. All projects will have an impact on the health and wellbeing of the population of South West Wales, but two have a specific focus on health and life science:

- Life Science and Wellbeing Village at Llanelli; and
- Life Science and Health Campuses at Singleton and Morriston.

The ARCH [Portfolio Delivery Plan](#), which was submitted to Welsh Government in March 2017, provides the basis for the Health and Life Science Campus City Deal Project. The Campus proposal, and subject of this paper, set out the expansion of life science and education activity at Singleton and work to enable the development of the Morriston Campus, notably investment to help overcome some of the core infrastructure constraints on the site. The former would develop upon the strong relationships already in place between the Health Board and University at Singleton and progress around the latter would build over time as ABMU's service strategy and related site developments crystallise. The total capital funding potentially available to this project under the City Deal is £15m, which would be borrowed by City and County of Swansea as the lead Local Authority for this project.

The Health Board has been kept regularly updated on progress with the developments of the City Deal proposals and approvals since planning first started.

Following approval and a lengthy period of negotiation around the governance and financing of the Deal, projects were asked to develop "Full Business Cases" (FBC). It should be noted that this is probably a slightly misleading description of the requirement, as the process and level of detail required differs markedly for the City Deal from conventional Welsh Government processes.

In reality, the FBC at time of submission to the City Region Office and government requires Outline Business Case level detail, with the UK and Welsh Government then agreeing to walk alongside each project to strengthen the case

as it progresses towards FBC. For these reasons, the business case submitted in mid-July will represent a good first draft allowing constructive dialogue with government but will not commit project partners to a course of action. It will simply be described as a business case in the remainder of the paper.

Progress

A Campuses project board formed six months ago to oversee the development of the Campuses business case. The board has representation from the Health Board (Director of Strategy, Medical Director, Director of Finance and/or their representatives), Swansea University, and City and County of Swansea. The project board is developing a plan around the five-case model, covering strategic, economic, commercial, financial, and management cases. A brief update of the position against each follows.

Strategic

The ARCH programme has defined a Campus and Village Life Science network to support growth of the Life Science & Well-being sectors. The Life Science & Well-being Campuses project will build upon the successful Institute of Life Science initiative, providing a world-class integrated research & business incubator/park secondary/tertiary clinical, research and trials environment, and skills development centres. These hubs will strengthen the regional capacity to innovate, attract additional inward investment and further increase export of high-value services and goods such as medical devices.

The Life Science & Well-being Campuses project will create expanded infrastructure with wider capabilities allowing more and larger opportunities to be captured, ranging from major inward-investment opportunities to Higher Education/NHS commercialisation activities. Creating significant new employment within high GVA sectors, the Campuses will have complementary foci of technology and clinical innovation, supporting development across a broad range of technology readiness levels.

Specifically, the strategic case agreed by the project board will deliver:

- A significant increase in life science, skills, and education space at Singleton to meet regional requirements, including the needs of life science companies and the staffing requirements of the NHS. The university plans, for example, to train more nurses, doctors and to move into new areas such as pharmacy, doing this in partnership with the Health Board to help support sustainable workforce models and workforce redesign; and
- The refurbishment of the Management Centre at Morriston as a state of the art Institute for Life Science, providing the clinical teams based there with a Hub for their innovation activities and an investment in the planning work required to get the core infrastructure developed enabling the development of the new land for service expansion, life science, and educational opportunities. This refurbishment will also include an Academic Quality Improvement Hub.

Economic

In response to the broader Strategic Case, the Campuses Project has been developed appraising options against the following Critical Success Factors in pursuit of achieving the Spending Objectives;

- a. To support the growth of high value employment in the sector
- b. To expand the pipeline of new enterprises in the sector
- c. To enhance the effectiveness of regional Research Development & Innovation (RD&I) assets for local and UK-wider innovation
- d. To enhance the region and UK sector profile by capturing major international opportunities
- e. To expand the pipeline of innovation opportunities engaged and realised with Swansea Bay City Region RD&I assets

Long-list options have appraised potential for;

- f. A - Do Minimum: Rely on existing activity/sites
- g. B – Dispersed Growth: Investment fund for disparate activities
- h. C- Intermediate I: Incremental Modest increase(s) of existing Campus (ILS1/2)
- i. D - Intermediate II: Mixed – Dual Site Incremental Development and Focused major development (*Preferred Approach*)
- j. E - Intermediate III: Mixed – Dual Site Incremental Development and fund for disparate activities
- k. F - Do Maximum: Expand existing and establish new Campuses

Short-list options have been developed with Cost-Benefit Analysis presenting the following summary UK perspective as shown below:

Option	10 Year BCR (Benefits Cost Ratio)	15 Year BCR	15 Year NPV (Net Present Value)
Do Minimum	1.01	1.70	£3.3m
Preferred Approach	2.36	3.14	£30.2m
Alternative Approach (1)	0.85	1.87	£12.3m
Alternative Approach (2)	0.33	0.76	- £3.4m

Commercial, Financial, and Management Cases

The commercial, financial, and management cases are still being refined in time for submission and will convey a direction of travel, rather than the final approach, which will take several additional months to agree due to necessary procurement processes.

The University is leading the case development for Singleton Campus, as the development is most likely to take place on its land. It will need the University to raise investment above what is included within the City Deal, and will need to go through an OJEU procurement process before the cases can be finalised. The Health Board is leading on the Morriston Campus commercial, financial, and management case development, as any development needs to be contiguous with its service strategy and the management centre refurbishment will need to go through NHS Wales framework contracts.

The overall business case will describe the process we will go through for both campuses and associated timelines.

Next steps

The project board would like to send the draft business case to the City Deal regional office for submission to the UK and Welsh Government for initial feedback once completed in mid-July. The Campus project is one of the final three projects yet to submit a first draft of its business case. Its submission will not commit project partners to anything but will allow the project board to have clear feedback to work with and will send a clear signal to the regional Joint Committee and Board the partners remain full committed to the Campuses project. The target date for submission of the first draft is the 10 July.

3. GOVERNANCE AND RISK ISSUES

There are no governance issues at this point in time. If the refurbishment of the management centre at Morriston Hospital is to proceed, then alternative accommodation will need to be identified for ABMU staff members currently housed in that building. The Health Board has undertaken a feasibility exercise to consider the options for the relocation of staff from the Management Centre as part of this work.

4. FINANCIAL IMPLICATIONS

There are no direct financial implications for the Health Board at this point in time.

There are two schemes within the case which will have a direct benefit and impact on the Health Board's Infrastructure and services.

The first scheme for the development of the road access to Morriston Hospital, would include a funding request for £800k to support the design fees. Discussions on the funding of the build element for the road are continuing with Welsh Government). This development would support the continued development of Morriston as the regional and specialist centre for South West Wales.

The second scheme would involve the release of a floor and a half of the Morriston Management Centre to Swansea University. This would allow the development of an initial ILS at Morriston. The release of space would be on a commercial basis, which subject to agreement of the detailed terms and

conditions, would allow a lease income to the Health Board on similar terms to being agreed on the Singleton site. It is unlikely that the Health Board relocation costs could be supported through this business case and these costs would need to be incorporated into Health Board's future year capital programme. As the staff to be relocated are administrative/managerial staff any relocation costs are likely to be minimal. If, at a future point in time the IT server which is currently housed in the building needs to be relocated then this will require additional capital.

Any fees associated with developing the business case for the Morriston site would be recouped from the City Deal monies, subject to approval of the draft business case by UK and Welsh Governments.

5. RECOMMENDATION

The Board is recommended to:

3. **NOTE** the progress on developing the draft Business Case for the Swansea Health and Life Science Campus as part of the City Deal.
4. **APPROVE** submission of the draft Business Case to the Regional Office, based on the information contained within this report once complete. The submission will be made available to Board members, and the Board will be kept updated on progress as the business case is finalised.

Governance and Assurance							
Link to corporate objectives (please ü)	Promoting and enabling healthier communities		Delivering excellent patient outcomes, experience and access		Demonstrating value and sustainability		Embedding effective governance and partnerships
					ü		ü
Link to Health and Care Standards (please ü)	Staying Healthy	Safe Care	Effective Care	Dignified Care	Timely Care	Individual Care	Staff and Resources
							ü
Quality, Safety and Patient Experience							
N/A							
Financial Implications							
None at this stage							
Legal Implications (including equality and diversity assessment)							
N/A							
Staffing Implications							
Staff may need to be relocated from the Morriston Management Centre in the future. The proposal should support the training and recruitment of staff within the Health Board.							
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)							
Will support the development of a sustainable workforce for the region, and improved employment, thus improving the health, wealth and wellbeing of the people of South West Wales, as set out in ARCH PDP.							
Report History							
Appendices							