

Hub South East Scotland Territory Annual Report 2016-2017



Hub South East: Your Development Partner of Choice

Our achievements : 2010 onwards

VALUE OF **HUB PROJECTS**
IN SOUTH EAST SCOTLAND

£563m

£197m

OPEN and OPERATIONAL

£185m

IN CONSTRUCTION

£181m

IN DEVELOPMENT

349
NEW JOBS
created

PROPORTION
of CONSTRUCTION WORK
PACKAGES AWARDED to
SCOTTISH SMEs

87%

EDUCATIONAL SUPPORT



Site, School
and FE Visits

27,000⁺
persons

School and FE
Work Placements

3,300⁺
days

GRADUATE & TRAINING

290 New and existing
APPRENTICESHIP
and trainee places

110 Professional Employment
including **GRADUATES**

Figures correct at end July 2017

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Foreword

Welcome to the 2016/17 Annual Report for the South East Territory, covering the reporting period August 2016 to July 2017.

This is our seventh year in operation, and we have continued to work together to improve local services by delivering modern, high quality community infrastructure across the Territory.

With eight projects on site and more in development, we are sustaining a good level of activity. With each new development the partnership is strengthened as we deliver real added value through real savings (see P50 for examples).

Since 2010 we have completed 56 new or refurbished facilities worth almost £200m, ranging from healthcare and supported accommodation, to educational and community facilities.

The Territory's Strategic vision is to work together *to provide enhanced local services and achieve tangible benefits for partners and communities in the Lothians and Borders* and we have been making real headway in delivering it.

This year in the South East Territory, we handed over our biggest completed project, Phase 1 of the development of the Royal Edinburgh Hospital campus (P18) and broke ground on our highest value revenue funded project at the East Lothian Community Hospital (P28) - the largest project to date in the Hub programme across Scotland. A bridge at West Calder was our first civil engineering project (P20) and the new Duns Primary (P16) required full refurbishment of a listed building to transform the disused High School into a modern, spacious Primary.

During the year we strengthened the strategic support offering to clients. We are pleased to have earned the trust of local authority clients to involve Hub South East increasingly in early discussions for the improvement of education provision, to cope with rising school rolls and early years initiatives. The multi-phase development of the Royal Edinburgh Campus has been a major exercise in successful collaborative working between Hub South East and its NHS partners, which now extends to asset management around NHS Lothian's Astley Ainslie hospital site (P41). As the Territory continues to promote collaboration between public bodies, Hub South East's development work on the old Leith Tram Depot site has been recognised by a grant of £750k from the Scottish Government (P40). This will fund a small scale project to bring the site back to life as a temporary community and business Hub whilst plans are established for its potential long term use as a partnership centre delivering services from more than one of our clients.

We are proud that we continue to generate community benefits across the Territory. Since 2010 we have supported almost 300 new and existing apprenticeships and 349 new jobs have been created on our supply chain to help deliver Hub projects. Overall 87% of work packages on completed projects to date have been awarded to Scottish SMEs, so the wider economic impact of our work continues to extend well beyond the service users of the facilities we deliver.

After listening to feedback from Territory partners and in recognition of the increasing opportunities available for Hub projects across the Territory, Hub South East went this year to the market to find a third Tier 1 construction contractor to

widen the offering to clients. After a robust tendering process, we are pleased that BAM Construction was appointed and the company has recently secured its first project with us, the new Jedburgh Intergenerational Community Campus (P35).

Over the coming year Hub South East will be focussing on the successful handover of the partnership centres in the Lothian Bundle (Northwest Edinburgh, Blackburn and Allermuir), as well as Kelso, Newbattle and West Calder High Schools. We expect to reach Financial Close and start on site on what will be our biggest project to date, the £96m Phase 2 of the Royal Edinburgh Campus. In East Lothian work will start on a new primary school at Wallyford, set to be one of the largest in Scotland. We aim for continuing growth in the strategic support business, as Hub South East assists clients with asset management and masterplanning services to identify and shape new opportunities.

As we continue to deliver on the Territory's Strategic Delivery Plan, we will also push the innovation agenda, especially in relation to education, by building on the foundations of the Education Forum we set up this year. This includes establishing working groups to deliver tangible outcomes collaboratively across local authorities and the supply chain.

We welcome this opportunity to thank the collective of organisations and individuals involved in making the Hub programme in the South East Territory such a success. We look forward to continuing this partnership working and to a productive year ahead.



Alex McCrorie
Chair
South East Territory Partnering Board



Jo Elliot
Chair
Hub South East Scotland Ltd



Duns Primary School, Scottish Borders (Cllr Carol Hamilton and Head Teacher Leanne Stewart opening the new school, with pupils Harris Gibson and Abbie Armstrong) Photo courtesy of Bill McBurnie Photography



Scottish Property Awards 2017 – Development of the Year: James Gillespie's Campus

Hub South East Scotland Territory Programme Director's Annual Report



Gordon Shirreff
Interim Territory
Programme Director

Since September 2016 I have been fulfilling the role of Territory Programme Director on a limited interim basis while the Clients determine how to replace the previous post holder on a more permanent basis.

During 2016-17 the already strong partnership between Hub South East and its Clients has been consolidated and there is increasing evidence that Hub South East is seen as the development partner of choice by many of the Clients in the South East territory.

Clients are understandably focused on the on-time and on-budget delivery of high quality facilities they have procured through Hub South East. These factors, more than anything,

determine whether Clients return to procure further projects. Hub South East is very well aware that these factors are crucial to the success of its business and it is pleasing to report that it has a strong record in meeting Clients' expectations in these areas.

Key Performance Indicators (KPIs) remain significant in the formal measurement of Hub South East's performance, but further work is needed to make them more meaningful for Clients.

As reported in last year's Annual Report, work has taken place on the development of KPIs. Proposals have been developed with the intention of establishing KPIs across Scotland's five Hubs which are as common as possible. Crucially we want to ensure that going forward KPIs are limited in number to those that measure aspects of Hub's performance which really matter to Clients, and that as part of this effort, there are no more KPIs than there need to be. A draft set of KPIs have been prepared and widely discussed between the Hubs and work is continuing with a view to reaching agreement to introduce common KPIs in 2017/18.

In the year just ended (2016/17) however, reporting is still against the established set of KPIs for Hub South East as set out in the Territory Partnering Agreement.

I can report that Hub South East has met all of its KPI targets this year, with no Significant Performance Failures or Track Record Test events. For a more general overview of performance against these KPIs, see the Performance section of this report (P43).

Although Hub delivers a wide range of facilities, new and refurbished school and healthcare facilities continue to be the bread and butter of the business and there is little sign of this changing, at least in the near future.

James Gillespie's High School, part refurbishment and part new build, was handed over to the City of Edinburgh Council and construction of West Calder High School, Kelso High School and Newbattle Community Campus are each now well advanced and these projects will be handed over in 2017/18.

On healthcare projects, Phase 1 of the major redevelopment of the Royal Edinburgh Campus was handed over to NHS Lothian. This development is a very complex project and Hub South East is working in close partnership with NHS Lothian on defining the scope and programme of future phases.



Prestonpans Health Centre, East Lothian

East Lothian Community Hospital (ELCH) reached Financial Close and is now well into the construction phase. ELCH is a major development being delivered by Hub South East for NHS Lothian and will have a significant impact on the delivery of healthcare for the population of East Lothian. Hub's other major project for NHS Lothian is the delivery of three community healthcare facilities within Edinburgh and West Lothian. Construction of these facilities, part of the Lothian Bundle, is now well underway with handover planned before the end of 2017.

Having said that schools and health remain the major part of Hub South East's business, two major Scottish Government commitments could in the future become significant. Each of these commitments has the potential to result in a requirement for a significant number of individually quite small projects across the South East Territory.

The first is the commitment to increase early years provision to 1140 hours per year for each child. There are many ways in which this commitment can be met and some of these will most likely require new, extended or refurbished facilities. Individually each of these projects is likely to be quite small. This affords Hub South East the opportunity to demonstrate to Clients how the Hub model can adapt to allow the efficient and cost-effective delivery of a programme of small projects. Through the success of the Rising Rolls programme for City of Edinburgh Council, with wave six now in planning, Hub South East is well placed to do this. Its position of partnership across five local authorities affords it a unique opportunity to leverage gains for the Clients through advancing a commonality of approach to the design and construction of Early Years facilities.

Affordable Housing is the other major Scottish Government commitment which presents an opportunity for Hub South East. Consequently it is working to develop proposals which may be able to leverage advantage for Clients through working across territory local authorities to assist them to deliver against the commitment to build 50,000 affordable homes committed across Scotland by 2021.

The project pipeline continues to be healthy with £181m of projects in development, in addition to the £185m already in construction. One notable recent contract award is the newly announced Jedburgh Intergenerational Campus for Scottish Borders Council.

A significant feature of the Hub model and one which continues to differentiate Hub from the other delivery options open to Clients, is the delivery of a wide range of community benefits. On projects completed this year, more than 514 work placement days have been created, around 6400 school and further/higher education students benefitted from educational or site visits. A total of 49 new jobs have been supported and 83% of construction work packages have been awarded to SMEs in Scotland.

Enabling funds have previously been used to kickstart projects where other sources of funding have not been available for this purpose. Consideration is now being given as to how best to establish a further enabling fund. This could include the use of working capital provided to Hub South East through its Clients and would be particularly important where opportunities are being explored which could result in Clients collaborating in the delivery of services from newly developed facilities. This would be achieved by, for example, funding activities such as site investigations and feasibility reports.

Finally, as Clients will be aware, the Cole Report into the collapse of a wall at one of the City of Edinburgh Council's PFI delivered schools was published early in 2017. I gave a presentation on the findings of the report to a subsequent Territory Partnering Board and there was an extensive discussion amongst those present. It is good to be able to report that Hub South East has set out in detail how it is responding to each of the Cole Report findings.



Rising Rolls 5, Edinburgh (Liberton Primary School Head Teacher and pupils marking the start of construction on site)

Hub South East Chief Executive's Report



Paul McGirk
Chief Executive
Hub South East
Scotland Ltd

We are now in Hub South East's seventh year of operation and, as a result of the developments we have already successfully delivered and the exciting new ones which we are jointly working on with our clients, **2016/17 has been a hugely successful year.**

In addition to successfully delivering on the bread and butter of quality, modern facilities for our clients, **we have prioritised the strengthening of our development capability.**

We introduced a Head of Development and a new Development Manager to focus on unlocking potential opportunities for clients and we can already demonstrate success in assisting NHS Lothian with the Astley Ainslie site and Midlothian Council in the regeneration of Dalkeith Town Centre (P41).

We have worked closely with the Territory Partnering Board Director to deliver the Territory's Strategic Delivery Plan and as part of this plan, in the 12 month reporting period from August 2016, **our team has completed £78m worth of facilities, whilst starting the construction of or beginning the development of projects valued at more than £284m.**

Some of the year's key achievements involved **reaching Financial Close on projects valued at more than £100m, including the largest Hub revenue funded project in Scotland** - the £69m East Lothian Community Hospital. Also in the area of health, **we handed over our largest completed project to date** – the £45m first phase of the mental health campus for NHS Lothian at Royal Edinburgh.

In education, we reached Financial Close on an innovative and exciting new £32m High School in West Calder, **helping West Lothian Council to deliver its biggest single investment in education. This new high school not only benefits from the latest in education design thinking and IT infrastructure to support the delivery of modern teaching methods, but also provides a first class community resource with access to impressive new sports facilities.** In Edinburgh, we have

now delivered a fifth year of the Rising Rolls school extension programme – marking a long term partnership which now includes 20 facilities worth almost £17m.

We also took on and successfully managed our first civil engineering project as we delivered a bridge as part of the new West Calder High School project (P20), demonstrating the flexibility of the hub model. We're proud of our track record and continue to demonstrate how clients can rely on us to consistently deliver.

This year, all completed projects were handed over on time and within or below the agreed affordability cap and, on two projects alone which began construction this year, the Stage 2 price was a total of £1.1m less than at Stage 1, representing an 8% reduction on the project cost for Rising Rolls 5 and 3% for West Calder High School.

As we continue to provide demonstrable evidence of our success, we are delighted to have been recognised for our achievements by industry professionals. **Not only have a number of our projects been shortlisted for awards this year – and won in the case of the James Gillespie's Campus and East Lothian Community Hospital – but as a team, Hub South East was shortlisted in both the Scottish Property Awards and national PPP Awards** for our partnership working with clients and our consistent ability to deliver quality facilities, on time and on budget, whilst ensuring wider economic gain.

One key to this success is the involvement of local people on projects and, this year, our community benefits statistics continue to show that **in all areas we are performing well against our targets** (more on P43). On completed projects in 2016/17, **83% of work packages were awarded to Scottish SMEs.** We supported more than **500 work placement days**, and almost **6,500 school, site and further education visits.** Within our supply chain, **49 new jobs** (almost three times the targeted number) were created to allow the delivery of Hub projects and **61 new and existing apprenticeship and trainee places have been supported.** I'm also delighted that **on our sites, we are going that extra mile** – particularly in East Lothian where we are supporting wider health initiatives such as NHS Scotland's "Healthy Working Lives" programme (P29).

Each year, as part of our Key Performance Indicators (KPIs) we meet with our clients to obtain feedback on how we work together. These are scored and **I'm pleased to say that this year, 100% of the customer surveys achieved a pass.** This is very positive and reflects a maturing relationship between ourselves, our clients and our

supply chain, but we cannot be complacent. Many points were raised during these discussions which can be used as learning opportunities for our team and we will be developing an action plan to ensure we continue to do what we do well, but that we also make changes where necessary to improve the partnership still further.

On this theme of improvement, in 2016/17 we have continued with our Innovation Programme to find new or better ways of working and to improve Hub processes. **We began the year by setting up an Education Forum event** with representatives from local authorities, Scottish Futures Trust, Children's Parliament, Architect Design Scotland and our supply chain. Following updates and presentations, the main discussion was around how we can ensure the holistic development of schools. We identified common priorities and agreed to follow up on issues collectively, such as developing the design brief to support transformation in education and ensuring better collaboration and sharing of ideas.

A further example of innovation in action is where **Hub South East, in partnership with its supply chain and clients, is leading the way in realising progressive government policy aspirations in relation to low carbon**, as the new Queensferry High School is being used as a pilot project which is receiving funds through SFT to ensure a low carbon design (P37). Some of the initiatives which we are developing are completely new and, as far as we know, are truly industry-leading. We are confident that the work **we are undertaking here will deliver real environmental and cost savings and has the potential to influence school design all across Scotland.**

The Cole Report released this year identified a number of recommendations in terms of construction quality across the Industry. **After a thorough review of Hub South East's quality control processes, I am confident that many of these recommendations are already being implemented on Hub projects** and indeed we are going above and beyond in our efforts to ensure robust systems in place. We will continue our efforts in this area, working with our, three Tier 1 Contractors to promote best practice throughout the supply chain.

Finally, the Hub South East Board also recently said goodbye to John Hope, our SFT representative. He retired after a career spanning more than 40 years, the last seven of which were at SFT. I would personally like to record my appreciation for John's support over the years and wish him a very happy retirement.

I would like to thank all of those who have contributed to our achievements this year. We look forward with confidence to the year ahead, working together across the South East Territory to ensure the realisation of Hub South East's aim to become our clients' **Development Partner of Choice.**



Royal Edinburgh Campus, Phase 1



James Gillespie's Campus (Depute First Minister John Swinney and Cllr Paul Godzik, alongside pupils Anna Green and Jeong In Park, officially open Hub South East's first revenue funded project in October 2016)

Projects : Completed



Hub South East has successfully handed over 16 projects to the value of £75m in this reporting period. All projects were within or below the agreed affordability cap and were delivered in accordance with the schedule agreed with our Clients.



Pinewood School, West Lothian (Pupils, staff and the project team at the official opening of the school's new extension)

PROJECT COMPLETED	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR	START DATE	COMPLETION DATE
Pinewood Primary School	Extension (similar to Rising Rolls programme)	West Lothian Council	£1.3m	Design and Build	Morrison Construction	December 2015	August 2016
Prestonpans Infant School	Two storey extension with additional classrooms	East Lothian Council	£372k	Design and Build	GRAHAM Construction	February 2016	August 2016
Free School Meals	Creation of facilities in 4 schools which will allow the provision of additional free school meals	The City of Edinburgh Council	£2.7m	Design and Build	Morrison Construction	November 2015	August – October 2016
Rising Rolls Phase 4	3 x new school extensions	The City of Edinburgh Council	£2.6m	Design and Build	Morrison Construction	November 2015	August – November 2016
Royston Care Home	New 60 bed care home	The City of Edinburgh Council	£8.4m	Design and Build	GRAHAM Construction	May 2014	September 2016
Royal Edinburgh Campus – Phase 1	New facilities in a phased development, including adult and older people mental health, intensive psychiatric care and brain injury	NHS Lothian	£42.1m	Design, Build, Finance and Maintain	Morrison Construction	May 2013	December 2016
West Calder Bridge	Constructing a bridge for access to the new West Calder High	West Lothian Council	£5.2m	Design and Build	Morrison Construction	September 2015	December 2016
Rosemount Court Refurbishment	Final phase of the Rosemount Gardens Housing with Care development – including the refurbishment of existing homes	West Lothian Council	£600k (of wider project)	Design and Build	GRAHAM Construction	February 2012	March 2017
Roxburgh Street Health Centre - Galashiels	New build health centre	NHS Borders	£1.9m	Design and Build	Morrison Construction (through Joint Venture with Esh Borders Construction)	January 2015	April 2017
Prestonpans Health Centre	Extension and refurbishment of existing Health Centre	NHS Lothian	£1.5m	Design and Build	GRAHAM Construction	December 2015	April 2017
Duns Primary School	Refurbishment of old high school into a new primary school	Scottish Borders Council	£8.6m	Design and Build	GRAHAM Construction	March 2014	July 2017

DUNS PRIMARY SCHOOL



After 137 years in its old building, Duns Primary School has now relocated to its new home in the town's old High School, after it was successfully handed, over on time and within budget for the start of the 2017/18 school year.

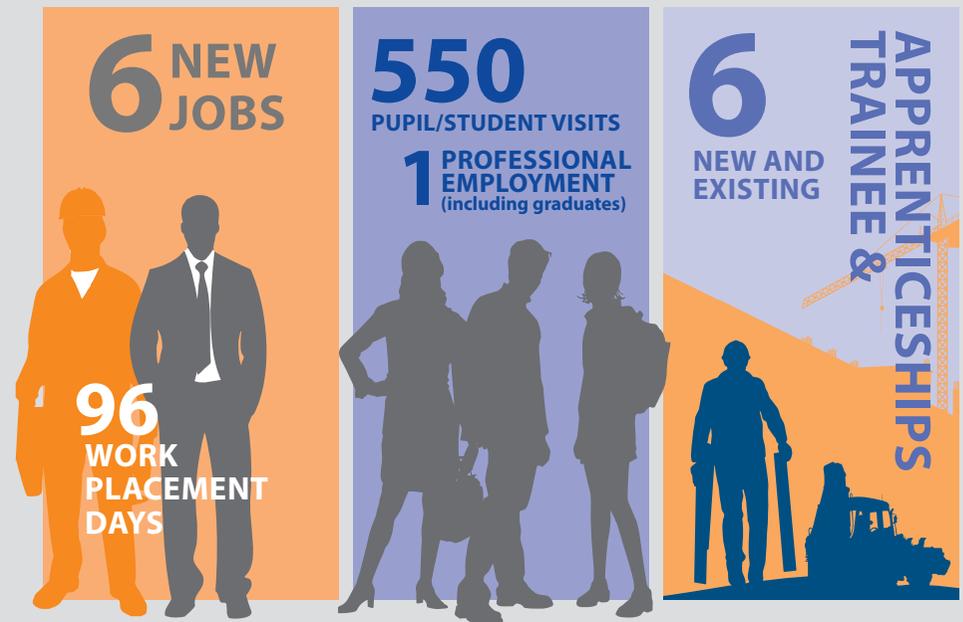
Its transformation involved the refurbishment and remodelling of the B-listed former Berwickshire High School, to deliver a spacious two stream primary school for the town, in addition to space for the nursery and the Berwickshire Locality Support Centre for children with additional needs.

The old building (given listed status as it is one of the first concrete framed buildings in the UK) had lay dormant since 2009. This made the task of repairing and upgrading the facility, extremely challenging.

Works undertaken include:

- Partial demolition of some existing buildings
- Upgrade and repair of the existing building including additional insulation, new roof membrane, new windows and doors, and other local repairs to the building fabric - including the restoration of listed features.
- Utility and drainage diversions to support both the new development and the existing neighbouring facilities
- New building services installation
- New furniture, fixtures and equipment
- New plumbing and drainage infrastructure
- Hard and soft landscaping upgrades
- Creation of a new MUGA

The end result, is a fresh, modern and high quality building which still retains many of its original features and includes a large gym hall, separate dining hall and outdoor sports facilities – all in a landscaped setting. Feedback from pupils and teachers has been fantastic.



Duns Primary School - Community Benefits Statistics



“We are absolutely delighted with the provision here. We really have managed to blend the old with the new.

“The classrooms look amazing, we’ve got the best furniture and it just looks wonderful.”

“What Scottish Borders Council, Hub South East and GRAHAM Construction have managed to create here for us is just amazing. Children are delighted with it, staff are overwhelmed and we’re just so grateful to have such a beautiful place for the children to learn in.”

Leanne Stewart, Duns Primary School, Head Teacher

DELIVERING LOCAL COMMUNITY BENEFITS

During this project, our contractor, GRAHAM Construction worked with local schools and groups to ensure a range of community benefits were delivered. These included:



- Taking part in the neighbouring Berwickshire High School’s Employability Award where S4 pupils had the task to design the tallest spaghetti tower using the least materials. Following this, they learned about the varying careers available in construction and they were then given a tour of the new Duns Primary and spoke to various team members to find out more about work in heating, plumbing and joinery.

- Attending a CITB STEM activity in Duns Primary School where 25 P7 pupils learned about the construction industry, and as they built a giant tetrahedron, they learned about the importance of health and safety.



- Helping Berwickshire High School with mock interviews and attending its careers fayre.
- Carrying out litter picks around the boundary of the site.
- Assisting the local DWP office with the Galashiels Get Into Construction programme – including helping with mock interviews and work placements for four local people.
- Helping the local Golf Course as an engineer spent a weekend ratifying the distances of the holes.
- Filling pot holes on the road to the local rugby and football grounds.

ROYAL EDINBURGH CAMPUS PHASE 1



We handed over Phase 1 of the Royal Edinburgh Campus - our largest completed project to date at £45m - in December 2016. This was successfully delivered on time and on budget for our client, NHS Lothian.

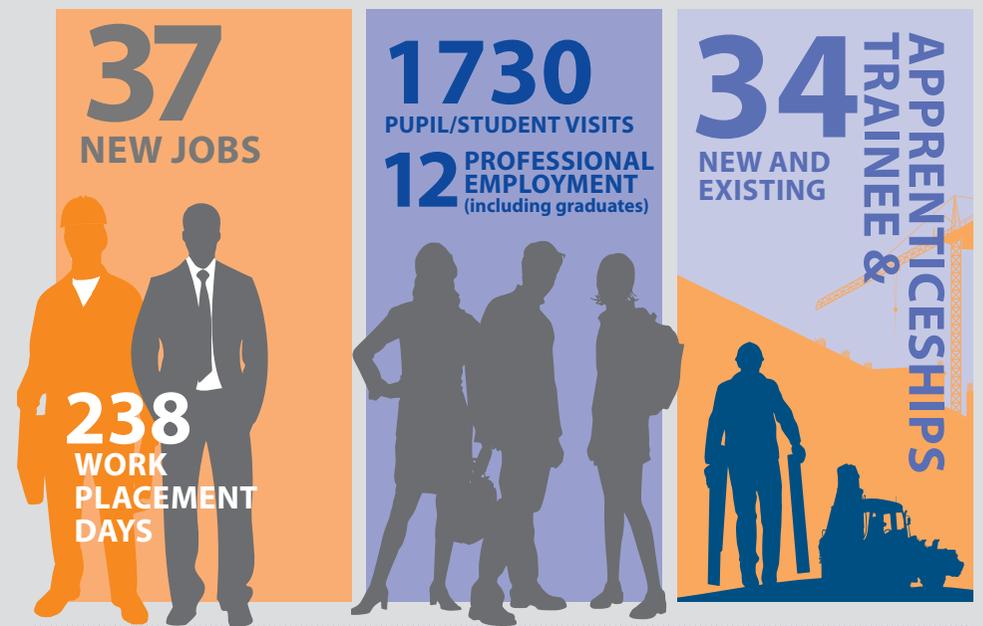
The first phase of this whole campus redevelopment, which is being undertaken in stages, includes new accommodation for the adult acute mental health inpatient service, older people's mental health assessment, Intensive psychiatric care and the new Robert Fergusson National Brain Injury Unit.

We are particularly proud of this project as Hub South East has been involved since its inception. We helped to shape the brief, facilitate stakeholder engagement, secure planning permissions and ensure optimum value and high quality investment, all whilst managing the design and construction of the new facilities.

The Royal Edinburgh Campus is an example of true public/private partnership working, promoting patient, staff and community benefits through the development of new facilities, whilst contributing to the delivery of strategic aims for NHS Lothian around health service provision and wider asset management.

It is a complex phased project on a live working hospital site, where all services are still being delivered. But these challenges were well managed on Phase 1 and as a Hub project, it delivered value for money in quicker timescales, with the strength of partnership so successful, it has realised benefits on future collaborations.

The project was shortlisted in the public Development of the Year Category in 2017's Scottish Property Awards.



Royal Edinburgh Campus, Phase 1 – Community Benefits

SAVINGS

OFF-SITE MANUFACTURING

resulted in an estimated construction programme

 **SAVING of 7% = £600k**

MAJOR M&E SUB-CONTRACTOR

at site inspection stage allowed practical advice to input into early cost plans/programme

SAVING circa 5%

OVERALL REDUCTION

in whole life cost terms

 **SAVING of 15% = £5m**

saving over 25 years

DESIGNING TO BIM LEVEL 2

lead to a saving in risk allowance

0.5% = £245k

FUTURE PHASES

As a complex phased build, the development of the Masterplan for the whole campus was undertaken in parallel with progressing Phase 1. Now that the first phase is complete, we are busy developing Phase 2 – which at £96m will be Hub South East's largest value project.

This will include new integrated rehabilitation facilities and a facilities management building, as well as the refurbishment of the 200 year old Grade B listed MacKinnon House.

Business Cases for the project are expected to be approved in early 2018, with work starting on site later in the year.

“Real partnership working has been demonstrated on this project, with the early involvement of Hub South East and its supply chain essential to the process, allowing us to work together from the offset to not only provide new state-of-the-art facilities, but shape the future delivery of services and make the best use of NHS Lothian assets, whilst future proofing for changes to come.”

“The combined experience and input of both public and private partners on this project has been extremely beneficial and has created a facility that delivers real benefits for patients, staff and the wider community.”

Andrew Milne, Programme Director, NHS Lothian



Royal Edinburgh Campus, Phase 2 – Architect's Image

WEST CALDER BRIDGE



As part of the wider West Calder High School project (P26), **this year Hub South East successfully delivered its first civil engineering project**, constructing a bridge to allow access to the new school.

This £4m project was completed in 42 weeks and included:

- Widening of the A71 Limefield Road between the Polbeth and West Calder
- Construction of a new 340m long access road including lighting and drainage
- Construction of a new overbridge over the Edinburgh to Glasgow via Shotts railway

Undertaking work around a live railway track, meant a great deal of logistical planning, including night time working (whilst we could take possession of the line).

The project was completed on time and on budget and allowed easy access for site traffic in time for the erection of the steel structure on the main school site.

***“The successful delivery of the bridge at West Calder marked a key milestone in the wider high school project, as it now allows easy access to the site from the main road, helpful logistically for site traffic to allow the build to progress, and it will also eventually be used as the main route into the new school.*”**

“I was delighted that the bridge project was delivered with minimum disruption to local neighbours and its completion means that we are one step closer to the exciting new school being ready.”

Ruth Strachan, Briefing Liaison Officer, West Lothian Council



COMMUNITY BENEFITS

Although the bridge project itself had no individual KPIs around community benefits, as it's part of the wider school project, our contractor, Morrison Construction ensured that community initiatives were supported wherever possible.

One such example was when the West Calder Community Development Trust got in touch asking for help building a greenhouse for use by local residential care homes. Morrison Construction agreed to donate the materials required and sub-contractors Malcolms allowed its operatives to spend time laying the foundations and creating a pathway to the greenhouse for wheelchair users. The work was completed in a week and the Trust was delighted with the end result.

“We really appreciate the assistance given with our project. The new greenhouse, with its easy access, encourages residents in the care homes to spend time outside, helping to support their independence. It's great that the contractors were able to support local groups in this way.”

Agnes Cosgrove, West Calder Community Development Trust

ROXBURGH STREET HEALTH CENTRE



The new Roxburgh Street Health Centre in Galashiels was handed over to NHS Borders this year, replacing an older surgery with a new build.

There was a need to replace the existing surgery to provide fit for purpose, Disability compliant facilities for use by both staff and patients, as well as consulting rooms, a waiting area and office space of suitable size.

The new building, on the site of the town's old Ambulance Station, which was demolished as part of the project, is set over two floors. The ground floor includes a reception, waiting, consulting and treatment rooms and space for a Scottish Ambulance Service Crew Room. The upper floor has staff accommodation including District Nurse and Health Visitors offices.

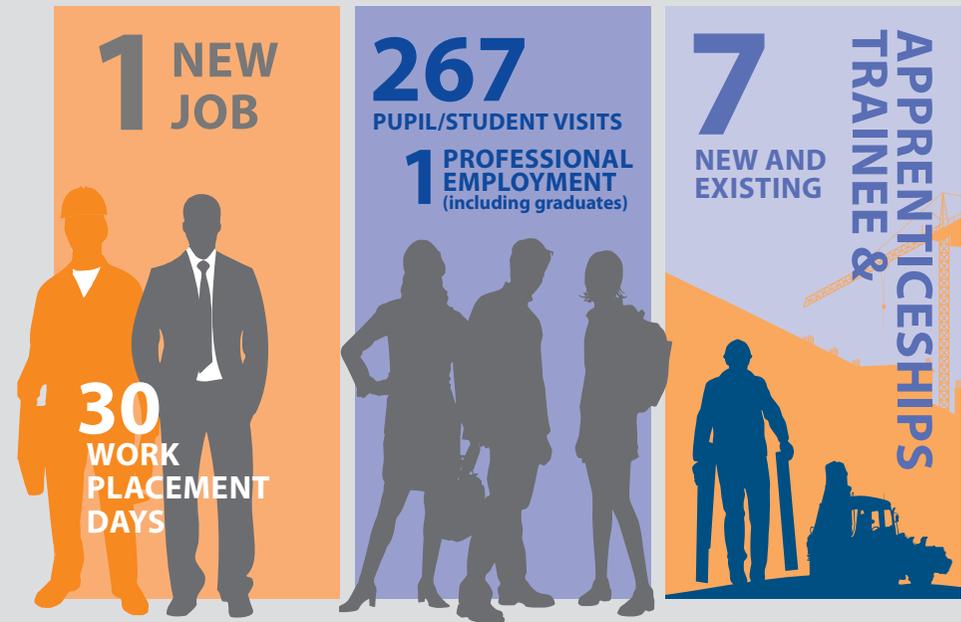
In an effort to retain local training and employment, Hub South East's contractor, Morrison Construction, entered into a Joint Venture with Esh Borders Construction – a local construction company – to build the facility.

This is one of a trio of projects in the Borders area which were delivered this way, in addition to Lauder Health Centre and the Scottish Ambulance Service Station in Galashiels.

"We are delighted that the new Health Centre is now open and feedback from staff and service users has been positive.

"It provides a much needed replacement for the former Roxburgh Street Surgery and will help us to continue to provide high quality health services to meet the current and future needs of the local community."

John Raine, Chairman, NHS Borders



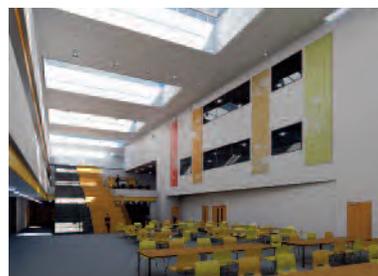
Roxburgh Street Health Centre - Community Benefits



West Calder High School, West Lothian (sod cutting attended by project team members and school pupils)



Projects : Under Construction



Hub South East currently has 8 facilities under construction, with a value of £185m. All projects on site are making good progress and should be complete on schedule and on budget. In some cases, community benefits targets have already been exceeded before project completion.



East Lothian Community Hospital, Haddington - site start photocall with Richard Park (Hub South East), David Small (NHS Lothian), Shona Robison MSP (Scottish Government Health Secretary) and Philip Galbraith (Morrison Construction)

PROJECT UNDER CONSTRUCTION	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR	START DATE	ESTIMATED COMPLETION DATE
Rising Rolls Phase 5	3 x new school extensions	The City of Edinburgh Council	£2.8m	Design and Build	Morrison Construction	November 2016	August 2017
Lothian Bundle	New Partnership Centres in Blackhill, Firrhill and North West Edinburgh	NHS Lothian	£26.2m	Design, Build, Finance and Maintain	GRAHAM Construction	February 2013	October 2017
Kelso High School	New High School campus	Scottish Borders Council	£21.4m	Design, Build, Finance and Maintain	Morrison Construction	April 2013	November 2017
Newbattle Community Campus	New Newbattle High School and community facilities	Midlothian Council	£33.9m	Design, Build, Finance and Maintain	Morrison Construction	October 2013	March 2018
West Calder High School	New High School Campus	West Lothian Council	£31.7	Design, Build, Finance and Maintain	Morrison Construction	April 2016	June 2018
East Lothian Community Hospital	New community hospital	NHS Lothian	£68.9m	Design, Build, Finance and Maintain	Morrison Construction	June 2015	January 2020

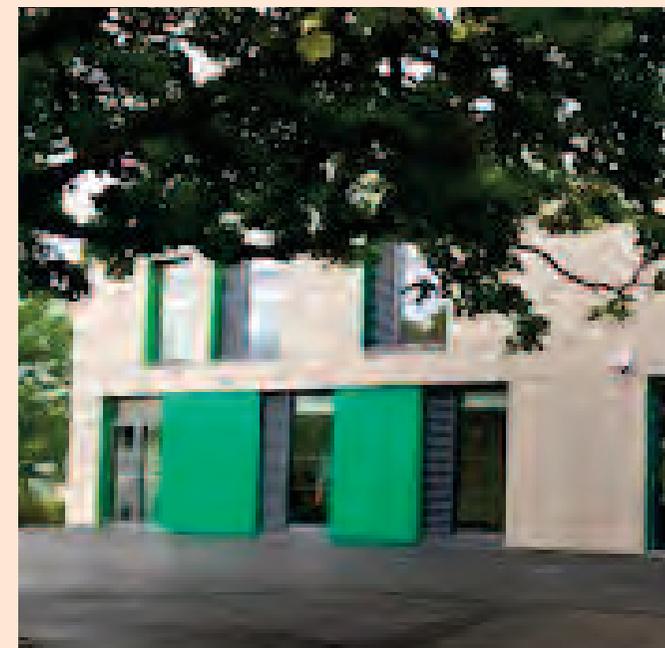
RISING ROLLS 5

The Rising Rolls programme is an innovative solution to help tackle rising school numbers by developing, designing and constructing new classrooms in short timescales. These new school extensions are being built as long term solutions, with life cycle cost analysis based on a 30 year life span. This year we worked on the construction of a fifth year – marking a total of 20 facilities worth £17m.

Year 5 was in construction during this reporting period but at the time of print it was handed over on time and on budget. Testament to the programme's success, we are currently in the development stages of a 6th year.

Rising Rolls is an excellent example of working with a Client to develop creative, flexible solutions for service delivery issues.

The City of Edinburgh Council has a continual need for more classrooms in its primary schools as pupil numbers are ever increasing. However, the exact need each year is not known conclusively until the Council is aware of the uptake of spaces in any given school. We work with staff at the Council to provide a standardised approach to various class sizes that can be rolled out across multiple locations. Individual facilities can have their own identities that reflect the site, local planning restrictions and user preference, but a standard palette of materials is used.





"Having worked in new schools before I know that they give the whole community a tremendous boost.

"This new building, with all of its exciting features, will be a place where our young people can learn and succeed; be ambitious and realise their full potential. We are all excited about the move."

Julie Fisher, Head Teacher, West Calder High School

WEST CALDER HIGH SCHOOL

This year we started the construction of West Calder High School - a 1,100 capacity secondary school in West Calder, representing West Lothian Council's largest ever single investment in education.

The new school will include a swimming pool, floodlit 3G sports pitch, and sports facilities for school and community use. It has been designed with the pupil experience at the core, as well as providing facilities accessible to the local community. A new rail overbridge and access road has been built as part of the project, providing a direct link to the school from the A71 (P20).

Work is progressing well on site and we are already delivering local community benefits.

ENGAGING WITH LOCAL YOUNG PEOPLE



Cedarbank School is a small secondary school in West Lothian dedicated to supporting pupils with specific additional needs. As part of the community benefits work on the new West Calder High project, our contractor, Morrison Construction, developed a programme alongside

the Head Teacher to give the pupils an insight into the construction industry. The five week programme included construction career talks from subcontractors eg joiners and engineers, Health and Safety presentations, team building activities, a CV workshop and a site visit.

This programme aimed to break down barriers which have previously existed with the pupils who can often find it harder for businesses to engage with the school or talk about employment opportunities.

As a direct result, one of the pupils decided to apply for a pre-apprentice course at West Lothian College. This is something his teacher said he would never before have had the confidence to progress but the Programme encouraged him to think about the opportunities available.

INSPIRED LEARNING SPACE



Uniquely as part of this project, a special learning project has been launched at the current West Calder High School – **Inspired Learning Space**. The project has brought together partners from the public and private sector to design and deliver an innovative learning environment that provides flexibility for learners and prepares them for learning and work in the 21st Century.

The Inspired Learning space -- which transformed old classrooms in the current high school, into a new modern space filled with the latest technology and connectivity - will help decide how teaching spaces are organised in the new West Calder High School when it opens in August 2018. It aims to knock down the walls of the traditional classroom and opens up spaces that will enhance the opportunities for research, collaboration and curiosity, especially through the use of technology.

This innovative project is at the cutting edge of digital learning and is having a demonstrable impact on the learning and teaching experience within West Calder and across West Lothian. Inspired Learning has been funded thanks to a £250,000 grant from the Scottish Futures Trust's Innovations Fund, with Hub South East, Morrison Construction, Esh Border Construction, Deanestor furniture, Norr Architects, Wardell Armstrong and WGM engineering all supporting the project.

***“The West Calder Inspired Learning Space is a pioneering project that is helping to shape what learning looks like outside of the traditional classroom. It’s about collaboration, integration and blended learning, which in a large part relies on the technology available to make it possible.*”**

“The West Calder Learning Space is a test-bed for the new school, to prepare pupils and staff for learning and teaching in a different environment.”

Laura Compton, Education IT Manager, West Lothian Council



The experience of working in partnership has been extremely positive. Both Hub South East and Morrison Construction quickly understood the project aims and developed strong links with local stakeholders. The team were exemplary in their engagement with clinical teams and played leading roles in public and stakeholder engagement. They were flexible in response to changes in strategy/specification and maintained the overall vision throughout. As a result we have a state-of-the-art facility that meets the needs of East Lothian residents, fulfils its part in the NHS Lothian system and has flexibility built in for the future.

David Small, Project Sponsor, NHS Lothian

EAST LOTHIAN COMMUNITY HOSPITAL

The East Lothian Community Hospital is Hub South East's largest project to date to begin construction and the highest value revenue funded project in the Hub programme in Scotland to break ground.

Through this project, NHS Lothian is consolidating and repatriating clinical services currently dispersed across various sites, into one new facility on the site of the current Roodlands Hospital in Haddington. The new community hospital will make a huge difference to how and where people in the county are treated. Services which are currently being delivered in ageing facilities at Roodlands and Herdmanflat can look forward to being transformed within the new building. It will mean closer and more joined up working between staff and services and will bring an improved experience for all patients.

After working on the project for more than five years, we were proud to achieve Financial Close and start construction this year. Work on site is progressing well.

PROVIDING ADDED VALUE

You can see the range of financial savings we were able to make for our client on this project on (P50), but Hub South East can also demonstrate how our involvement has added value in other areas. Here are just some examples:

- The **Initial Agreement was endorsed by Scottish Government** as benchmark for such investment cases and **exemplar model for future grant applications.**
- Scottish Government agreed to support **a combined OBC/FBC which avoided an 8 month delay in the procurement process.** This approach was unprecedented in Scottish market - made possible only through the team's commitment to challenge the norm.
- The project was progressed through Stage 1 via an extended Strategic Support Services appointment. This approach **avoided a 12 month delay to the project.**
- We've kept the project on track. **Key milestones have met or been bettered**, reaching Financial Close within six weeks of its forecast date set 24 months earlier.

HEALTHY WORKING LIVES



We're proud that on this Hub South East site, our contractor, Morrison Construction is going above and beyond in relation to community benefits, particularly when it comes to the workforce on site. Given that the team is building a new health facility and it is still a live hospital site, there are strong links being developed with medical professionals and the site is now registered with NHS Health Scotland's Healthy Working Lives.

As part of this, a programme of events has been developed to coincide with national health awareness initiatives. A workshop on Diabetes was held in June, with a toolbox talk to staff by a leading expert. Other topics being covered include mental health awareness, smoking, alcohol, prostate cancer and bowel cancer awareness.

In addition to this, there will soon be fortnightly events aimed at the health and wellbeing of the workforce and staff which include lung functionality, Health MOTs, skin checks, blood donations etc. These events will be led by NHS Lothian and facilitated by our contractor and will draw upon the expertise of the NHS staff based in and around the existing Hospital.

The ELCH site is leading the way here and It is hoped that the success of these types of initiatives can be replicated across other sites in the future.

"We're pleased to be able to offer a range of healthy living initiatives to our staff and supply chain. It benefits their health and wellbeing and it allows us to further strengthen the links we have developed with the NHS team on site. Feedback has been really positive and has encouraged us to plan even more sessions throughout the build phase."

Christopher Grimshaw, Senior Project Manager, Morrison Construction

KELSO HIGH SCHOOL and NEWBATTLE COMMUNITY CAMPUS

Kelso High School in the Scottish Borders and Newbattle Community Campus in Midlothian, have both been on site for over a year. Both are progressing well, with Kelso due to hand over in the coming months and Newbattle in Spring 2018.

Kelso will accommodate 780 pupils and the development includes a 3G sports pitch, 2G hockey pitch, gym and netball court, as well as library and eco garden.

The Newbattle Community Campus will host a 1200 pupil Newbattle High School, in addition to a range of community facilities including library, fitness centre, swimming pool and all weather pitch.

Both projects are being delivered below the SFT schools metric, with a cumulative total of **£3.5m being saved**.

Notably, on both projects, there is a real desire from our clients to keep community benefits, especially with regards employment, as local as possible. Our contractor on these sites, Morrison Construction, has worked hard to ensure that people and businesses near to the developments are afforded employment opportunities. You can see from the gallery on these pages, some examples of the local people taking advantage of these opportunities...



David Feller – Galashiels

David is a General Labourer, employed on site by Morrison Construction and lives in Galashiels.

"This project is great for the community and for local employment. The new building looks brilliant!"



Wayne Scott – Kelso

Wayne, from Kelso, is a General Labourer with Keyes Bros.

"I went to Kelso High School and my mother still lives just across the road from the site, so this is as local as you can get for me. The new building is going to make such a difference to the school and the community so it's great to be part of the project making it happen."



Mandy Douglas – Kelso

Mandy is from Kelso and is employed by Moira who runs the local Juicy Meat Co. - awarded the contract for on-site catering.

"This is right up my street and I'm really enjoying it. I went to the old Kelso High School as did my children and my nieces, nephews and grandson will benefit from going to the brand new school. It's amazing watching the progress of the build as we're serving the workers on site. And I think people here appreciate that we use local shops and local produce."



Neil Higgins – Eyemouth

Neil lives in Eyemouth and is employed by Morrison Construction as a Site Manager.

"It's great delivering a project in the Borders as you take a real pride in local work. Having previously worked on the old High School, I know the new building will be a vast improvement. I'm sure the staff and pupils will love it."



David Feller – Galashiels

David is a General Labourer, employed on site by Morrison Construction and lives in Galashiels.

"This project is great for the community and for local employment. The new building looks brilliant!"



Colin Luke – Kelso

Colin is a Gatekeeper on site and is employed directly by Morrison Construction.

"Being from the town, a big advantage to working here is it doesn't take me long to get to work! My kids will go to the new High School. The current one getting a bit run down. This new school is much needed and looks really impressive."



Angie & John Todd - Newtongrange

Angie and John from Newtongrange run Snax-Xpress and were awarded the catering contract for the Newbattle construction site.

"We're delighted to be on site and knowing that we will be here until the end of the build means that for the first time in years we'll be able to work five days a week instead of seven!"

"The guys on site have been superb and i'm looking forward to introducing new home made food to the menu to keep their strengths up whilst they build this new school for the community."



James Rodgers-Jones – Mayfield

James is a Trainee Quantity Surveyor on the Newbattle project. He lives in Mayfield and is a former pupil of Newbattle High School. Through the project, James is being supported to go to University and study to be a Quantity Surveyor. He is currently in his third year and is getting hands on experience on site whilst studying.

"It's given me an opportunity to use the knowledge I have gathered through Uni into real life situations. The icing on the cake is I am working on my old High School - it's quite surreal if i'm honest!"



Mike Reid – Newtongrange

Mike is a Senior Site Engineer with Morrison Construction who lives in Newtongrange.

"It's great to be working on a facility i'll actually use. I will definitely be using the new gym which will have fantastic views. As a family we will also use the library and my daughter will enjoy the new gymnastics facilities."



Sean Barrie - Woodburn

Sean is a General Operative employed by Morrison Construction who lives in Woodburn.

"Before this I worked on the new James Gillespie's Campus in Edinburgh but it's good now to be working on Newbattle as it's more about putting something back into my local community."



Cameron McDonald – Bonnyrigg

Cameron is an 18 year old Welding and Steel Fabrication Apprentice in his first year. Cameron is employed by sub-contractor G.Fitzsimmons and Son Steel Fabricators - themselves a local company - based in Rosewell. Cameron studies locally at Edinburgh College in Eskbank and gains hands on experience on site to support his apprenticeship.

"Being so close to site is great and means I can walk to work. I was in 4th year at Lasswade when my new school was built and I saw such a big difference from the old school to the new one - so it'll be the same for Newbattle. I have cousins that will probably go here so it's great that they'll have a brand new school."





Projects : In Development



In partnership with Participants, Hub South East is currently developing 4 projects, worth £181m.

All developing projects have a Hub South East project management and design team in place, as well as a Tier 1 Contractor appointed and a Facilities Management service provider where necessary.



Wallyford Primary School, East Lothian – Architect's Image

QUALIFYING PROJECT IN DEVELOPMENT	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR
Wallyford Primary School	New build Primary School	East Lothian Council	£18.6m	Design and Build	Morrison Construction
Queensferry High School	New build High School	The City of Edinburgh Council	£36.7m	Design, Build, Finance and Maintain	Morrison Construction
Royal Edinburgh Hospital – Phase 2	Second phase of campus redevelopment, including new build and refurbishment	NHS Lothian	£95.7m	Design and Build - £61.2m Design, Build, Finance and Maintain - £34.5m	Morrison Construction
Jedburgh Intergenerational Community Campus	New build Primary and High School Campus	Scottish Borders Council	£30m	Design, Build, Finance and Maintain	BAM Construction

JEDBURGH INTERGENERATIONAL COMMUNITY CAMPUS



The latest project Hub South East has been appointed to deliver is the Jedburgh Intergenerational Community Campus. The new facility, replacing the town's high school and two primaries, will serve 2 to 18 year olds, as well as providing further education opportunities.

The funding for the new campus was confirmed by Deputy First Minister John Swinney on a visit to Jedburgh Grammar as part of the fifth phase of the Scottish Government's £1.8 billion 'Schools for the Future' programme.

This will be BAM Construction's first project for Hub South East, since joining our supply chain earlier this year.

"These new buildings will provide children and young people with inspiring learning environments and some also include facilities for wider community benefit and use that will be enjoyed by generations to come."

"The projects are also a welcome boost to the local economy, creating apprenticeship opportunities for young people and construction jobs across the country."

John Swinney, Deputy First Minister, Scottish Government

WALLYFORD PRIMARY SCHOOL



The new Wallyford Primary School in East Lothian, will replace the existing school building in the village. It will initially provide 28 classrooms, as well as 120 pre-school places. A further phase to be developed later could see space constructed for an eventual primary and pre-school roll of more than 1,300, **one of the biggest primary schools in the county.**

Planning permission has been approved and work should start on site this year. The school is then due to open in early 2019.

“This is great news for the local community of Wallyford and will be hugely welcomed by all. The new school will provide facilities that will not only enhance the educational provision for the pupils but also include all members of the local community.”

Councillor Shamin Akhtar, Cabinet Spokesperson for Education and Children’s Services, East Lothian Council

**DELIVERING
Wallyford Primary**

14%

**below SFT
metric**

**£425k
saving**



INNOVATION: USE OF BIM



Whilst on Healthcare projects, the use of BIM (Building Information Management) Level 2 is mandated, this is not the case in education, although it is recommended. Seeing the benefits of this collaborative design and information tool, Hub South East is encouraging its use and in the new schools we are currently developing – Wallyford Primary and Queensferry

High - we are ensuring they are designed to BIM Level 2.

BIM is a digital representation of the physical and functional characteristics of a project. It is a digital twin that contains 3D models, non-graphical data and other linked data, such as electronic documents, all in a collaborative environment. Ultimately it supports improved efficiencies within the public sector estate.

By adopting a BIM approach, we can bring greater levels of predictability to a project, not just around capital delivery but operationally as well. BIM can also help us to save both money and carbon by cutting out wasteful activities and allowing the team to make more informed decisions at the right time.

Hub South East, our client and supply chain will be using BIM Level 2, where appropriate, to allow live co-ordination on projects through multiple disciplines. This should result in risk being minimised through design coordination and clash detection, meaning less abortive costs and increased predictability around delivery and operation.

Importantly, designing to BIM Level 2 means that as the projects progress, the information grows. This is built upon during design and then construction and it can then be used to support the new buildings as they become operational through integration with Facilities Management and Asset management systems.

Hub South East is involved in SFT’s BIM working group and has played a key part in helping develop process improvements, including incorporating BIM in existing Hub models, expanding method statements and ongoing dialogue with clients and our supply chain to encourage future use of BIM. We are proud to be embracing this innovative technology and will continue to champion this on our projects so that our clients can realise its full potential - from design, through construction and for the whole life of their new buildings.

QUEENSFERRY HIGH SCHOOL



Hub South East is working with the City of Edinburgh Council and our contractor, Morrison Construction, to deliver a new 1200 pupil High School for South Queensferry.

We were involved in the recent pre-planning consultation and at the time of print, responses from the public events and consultation portal online, are being analysed. They will be used to shape the Planning application which will be submitted towards the end of the year.

The new school will be built on the current school's playing fields and, following completion of the new school, the old school would be demolished with the area landscaped and a new pitch created on the site.

The new school will be designed to allow Edinburgh Leisure to operate the sports facilities outside school hours, as currently happens. Proposed sports facilities include a sports hall, fitness centre, larger gym, new dance studio, swimming pool and 3G all weather pitch.

Recognising how close the school is to the Forth Bridge World Heritage Site, initial concept designs show how our architects have sympathetically designed the school to fit in to its surroundings. This includes maximising views from the school across to the Forth Bridge and choosing external finishes that complement the location.

INNOVATIVE LOW CARBON APPROACH



Hub South East is leading the way in realising progressive government policy aspirations in relation to low carbon, as the new Queensferry High School is being used as a pilot project which is receiving funds through SFT to ensure a low carbon design.

Our team, in partnership with colleagues in our supply chain and SFT, has looked at traditional approaches to a number of areas including daylight, thermal comfort and energy in school design. Innovative approaches have then been identified in relation to energy modelling, indoor climate and CO2 levels, fenestration design, air tightness standards and enhanced metering, which has been benchmarked against approaches in the Danish Market.

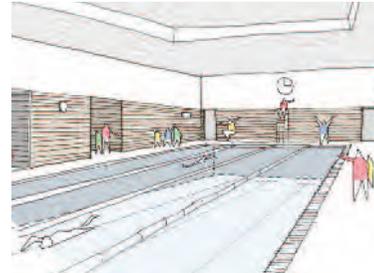
So from proposals such as achieving lower CO2 levels through new façade louver systems, to enhancing post occupancy monitoring of energy in schools, the delivery of the new Queensferry High School will have a low carbon approach at the heart of its design.

Ultimately this will not only satisfy increasing environmental targets, but should have a beneficial effect on the learning environment, as well as life cycle costs of the building.

In turn, through demonstrating its success in practice, this pilot project should become a benchmark for future school design in Scotland.



Strategic Support Services



Hub South East is currently providing Strategic Support Services to Clients on projects with a potential development value of around £300m.

Strategic Support

Hub South East provides its clients with strategic estate management and planning services. The services are provided through our Strategic Partnering Services business.

Through Strategic Partnering Services we assist clients with the delivery of programme sensitive estate strategies, site specific option appraisals, strategic masterplanning, and development of fully risk evaluated disposal strategies.

This year, **we have strengthened our offering, with the appointment of a new Head of Development and Development Manager to focus solely on this end of the business.**

Many of our clients are shifting their focus away from simply disposing of redundant or surplus land and property, and exploring how their estate can be cohesively linked to the development of their future service provision. Hub South East is increasingly being asked to provide support that links the masterplanning and disposal strategy for particular assets, to the development and funding strategy of new assets. In many cases running both strategies in parallel is driving efficiencies in programme and value, whilst allowing asset teams the flexibility to manage increasingly higher workloads.

Our Strategic Support Services are informing and shaping how future operations can be delivered both technically and financially for our clients. Here's just some of the projects our team has been working on in this reporting period. All of these were delivered to a pre-agreed timescale and budget, with the outputs often required to support key committee reports and diarised dates for governance and approvals:

OLD TRAM DEPOT – LEITH WALK



Scottish Government Minister and Council officials look at the site plans as funding is announced.

In last year's annual report we mentioned the possibility of grant funding being allocated to a meanwhile project in Leith and we're delighted that the bid was successful.

It means that part of the old tram depot on Leith Walk in Edinburgh is to be brought back to life as a temporary community and business hub, while plans for its long term use are established. The regeneration project will breathe new life into the site, last used for trams 60 years ago, creating new jobs and training places. Capital grant funding of £750,000 for the project was announced by the by the Scottish Government and a further £400,000 is being provided by the Council.

We are excited to see this project awarded funding, as one of Hub South East's Development Managers was previously seconded into the Council and was integral to this grant submission, as well as a wider project to look at the longer term use of the site.

Hub South East is now working with the Council to help make these plans for the meanwhile project a reality, allowing the delivery of vitally-needed flexible, affordable workspaces for early-stage businesses as well as providing space to create a temporary community services hub for the voluntary and public sectors.

"The work of Hub South East across the City over recent years has brought leadership drive and energy to many Council and community planning projects."

Nick Croft, Partnership and Locality Manager, The City of Edinburgh Council

WAVE 4 SCHOOLS FEASIBILITY

Client: The City of Edinburgh Council

Brief: Detailed options appraisals for future replacement strategy of four existing High Schools. Site due diligence, condition, scenario testing, land valuation, design constraints, delivery programme and affordability.

Required Output: Detailed financial options appraisal and recommendation to support Council school estate strategic review.

Summary: Hub South East was asked to carry out option appraisals on four schools to determine a preferred replacement/refurbishment strategy for each school. We ran a supply chain competition for appointment of an architect and cost consultant, with the successful firms scored jointly with the Council. Final decision on designer choice rested with the Council. Each school had at least three costed options, with one School requiring seven options to be tested, due to the unique nature of the site. Cost appraisals included a detailed delivery programme on each and fully costed decant strategy, allowing each of the options to be compared on a like for like basis. SFT's schools metric was used as the benchmark.

"A good piece of work providing everything required"

Crawford McGhie, Acting Head of Operational Support, Communities and Families, The City of Edinburgh Council

"It has definitely shaped our thinking on the best next steps"

Keith Thomson, Estate Development Adviser, Communities and Facilities, The City of Edinburgh Council

DALKEITH TOWN CENTRE REGENERATION

Client: Midlothian Council

Brief: Detailed options appraisals and masterplan realignment for future delivery of potential administrative headquarters, primary school, housing and retail. Scenario testing, design constraints, delivery programme, and affordability.

Required Output: Reassessment of non-Hub commissioned masterplan. Detailed financial options appraisal and recommendations to support Council approvals.

Summary: To assist the client with affordability issues, we reviewed previous masterplan and consultant advice and put forward suggestions that could drive down the capital expenditure whilst retaining realistic sales/rental values. The approach enabled the previously predicted cost to be reduced considerably through careful consideration of phasing, scale, predicted construction cost and anticipated revenue. A detailed and fairly sophisticated financial model was developed by Hub South East internally, enabling the Council to run a number of different scenarios. Eight options were tested to determine the lowest net present value over a 40-year period. Each scenario is to be tested on a Green Book basis (HM Treasury guidance for public sector bodies on how to appraise proposals before committing funds) and aligned with the Council's future budgetary requirements.

"I've been really happy with Hub South East's work in assisting our team to produce a robust and realistic appraisal of a challenging development proposal. It is essential our Elected Members are properly advised on such a strategic decision and having both Hub and the Council staff working in partnership has provided this outcome."

Garry Sheret, Head of Property and Facilities Management, Midlothian Council

ASTLEY AINSLIE HOSPITAL

Client: NHS Lothian

Brief: Detailed masterplanning and disposal strategy; options appraisal on reprovision of out of scope personnel; Scenario testing, design constraints, delivery programme, development appraisal, risk analysis, affordability and community engagement.

Required Output: Delivery of masterplan and disposal strategy for 42-acre site. Detailed site and legal due diligence; service reprovision, financial and development appraisal and leading community engagement/consultation.

Summary: This is a comprehensive commission to maximise the capital receipts through sale of the site. The disposal strategy is directly linked to the funding and delivery of future phases of the Royal Edinburgh Campus (REC). The Astley Ainslie site is complex, sitting in a conservation area with numerous listed buildings and large areas of parkland. The masterplan will be promoted through an application for Planning Permission in Principle which will determine the optimal massing and density. NHS Lothian and Council's planners will then use this as the framework for evaluating future proposals from developers. The principle objective is to de-risk the sale process and ensure timely payment of receipts to our client. In parallel to this, we are also leading the options appraisal for the relocation of a number of services that will not be moving to the REC.

"The Hub team providing Strategic Support on this project has understood the brief and is using its skills, experience and supply chain to simply get on with the job, which is just what we want."

Andrew Milne, Project Director, NHS Lothian



Kelso High School, Scottish Borders - Betty Hodges (Kelso In Bloom), Ritchie Rutherford (Morrison Construction) and Lewis Hamon (Kelso in Bloom) marking a donation made by our contractor to local group, Kelso in Bloom

Performance



Overall, Hub South East's performance is strong. We continue to perform well in a range of areas, from health and safety to community benefits and we can evidence that we are delivering real benefits across the South East Territory.

Overall, in relation to its performance against the suite of Key Performance Indicators (KPIs) in the Territory Partnering Agreement, the Territory Partnering Board is satisfied with the performance of Hub South East over the last year.

In 2016/17, Hub South East continued to support clients in the successful delivery of community infrastructure projects throughout the South East Territory, as well as the delivery of wider community benefits.

The following pages contain information on key areas of our performance this year:

Partnering

In an effort to ensure continuous improvement, we rely on our clients' feedback to help us to make sure the services we provide are responsive to their needs. We do this as a matter of course during projects e.g at clients meetings and with post project reviews. We also seek feedback through working groups and at events such as our Education Forum this year.

In addition to this, each year we carry out a formal survey of Territory Partnering Board members. In 2016/17, we interviewed eight of our clients plus SFT.

This year Hub South East has a pass rate of 100% and has therefore met this KPI.

Whilst it is encouraging that relationships with clients are in a good position and we were successful in meeting this KPI, more importantly, the surveys afforded us the opportunity to spend time with clients discussing what we can do to improve our offering.

All the feedback will be collated and grouped into key themes which we will discuss as a team to identify areas for improvement.

Community Engagement

On all Hub South East projects, there are plans in place to ensure we can assist our clients with community engagement in relation to projects we're involved in.

We work with our clients to ensure a co-ordinated approach around communications and publicity, so that local people, service users and staff who need to know about developments, are kept informed.



Newbattle High School Pupils and their Teacher as they report from site on BBC School Report Day

Our contractors do their best to allow sites to be used to deliver active learning opportunities. Particularly when we work on schools, pupils can experience the world of construction through visits, talks and other activities. Some examples include:

- On Kelso and Newbattle, site managers have been involved in assisting pupils with filming on site for reports on the progress of the build, or by interviewing them for the school newsletter.
- On East Lothian Community Hospital site, in addition to the healthy lives activities for operatives (P29), events have been held for local neighbours offering them the opportunity to meet the contractors and find out more about the project.
- On Rising Rolls 4, when a 400 year old skeleton was unearthed by our contractors at St Mary's Primary, it was used as an opportunity for learning as archaeologists then worked with the children to explore the history of the site.
- On West Calder High, a group of pupils are involved with our communications group to write articles for the construction site newsletter, as well as for the school.

In addition to this, our Tier 1 Contractors get involved with local groups, trying to assist wherever possible, such as in West Calder as well as sponsoring community activities – all demonstrating how Hub South East projects can

provide benefits beyond the construction of the new buildings themselves.

On projects this year, both Morrison Construction and GRAHAM Construction have donated to a number of local causes. These include:

- £150 donation to Edinburgh Napier Civil Engineering Society to allow the purchase of high visibility vests for its members
- Building a wooden step and donating it to Cramond Primary School nursery to help the younger children reach the recycling bins and take part in recycling initiatives with the rest of the school
- Sponsoring Blackburn Gala Day
- Donating to local food banks in Blackburn, Firrhill and North West Edinburgh
- Giving Christmas presents to the Forth One cash for kids appeal
- Donating materials and time to help build a greenhouse for the West Calder Community Development trust
- Donating £500 to Oxgangs primary for its school football kit
- Gave materials to a local group in North West Edinburgh to build bird boxes
- Sponsorship of the Spartans Quest
- Sponsorship, for the third year, of local fireworks close to the Royal Edinburgh Campus

In addition to this, our sub-contractors also support local groups, such as RJT, working on the new Newbattle High School. RJT gave the maths department £480 to purchase new calculators.

The Hub South East team raised money at Christmas to help contribute to fundraising so a young East Lothian girl could get a life changing operation, as well as donating to our Board Member, Kevin Bradley, as he slept rough for the night in aid of Social Bite.

We have also continued to support the Grassmarket Community Project (see the box to the right).

Grassmarket Community Project (GCP)

After raising an impressive £15,000 for GCP through a Charity Golf Day with our supply chain in 2015 we have been heartened to see the fantastic work they continue to do and how the money we raised is making a real difference.

We've been so inspired by its work that we are continuing to work in partnership with the charity and are organising another day in October this year to raise more funds.

Jonny Kinross, Chief Executive, explains the work of the Project and the importance of the funds raised at our 2015 Charity Golf Day:

***“Your Golf fundraiser provided us with £15,000 which allowed us for the first time in 10 years to employ a workshop assistant 3 days a week. This had a profound effect on the project and the people we support. This enabled us to open, providing support and training on an additional 78 days a year - a 30% increase in training days and support being offered to people with autism, Asperger's, stroke victims, people with terminal illnesses, people on kidney dialysis and people with acute mental health problems. These groups make up the bulk of our workshop volunteers. Tommy Steel and his new assistant Susan Taylor, who we were able to employ thanks to your generosity, supported 49 people over the course of 2016 and provided 1116 training opportunities for them, again a 32% increase of people and training opportunities.*”**

***“Most importantly to us four of the 2016 woodwork team are now employed by us full time and three attend college, one of whom was awarded student of the year. Our woodwork shop, thanks to the support of your Golf tournament, is changing lives now like no other resource in Edinburgh and we are inundated with furniture commissions and referrals of trainees from across Edinburgh's social services, hospitals and colleges.*”**

“We are incredibly grateful for your further support in 2017 - it really does make a huge difference to the lives of some of our city's most vulnerable people.”





Local subcontractor RJT donated money to Newbattle High School Maths Department to buy new calculators

Supporting SMEs

Hub South East is committed to ensuring that local businesses benefit from the projects we are delivering in their area. This year, on completed projects, **83% of work packages were awarded to Scottish SMEs.**

Our contractors continue to engage locally, holding Meet the Buyer events to advertise the work packages available to local individuals and businesses, such as at the East Lothian Community Hospital. At Kelso and Newbattle, as you can see from PX, from the catering on site, to using local subcontractors, it's important that opportunities are provided on Hub projects to small businesses.

We are also committed to using Supported Businesses wherever possible and can demonstrate this with a project on site at the moment – the Lothian Bundle. On our two Edinburgh sites our contractor has awarded the cleaning contract to a social enterprise – Apex Scotland.

“As a social enterprise we aim to create real jobs for the people that Apex Scotland supports – those who are often deemed disadvantaged in the employment market. Securing contract like these Hub South East projects, allows us to offer more opportunities to those who need them.”

Patrick Nicol, Operations Manager, Apex Scotland

Sustainability

We have a number of targets in relation to sustainability on Hub projects and our performance continues to be good, with all targets being exceeded.

Plans are in place on all Hub projects to manage environmental issues and waste.

Where clients specify that environmental targets such as BREAMM should be achieved, we comply with these. For example, the recently completed Royal Edinburgh Campus Phase 1, as well as the James Gillespie's Campus achieved a Very Good BREAMM rating.

Hub South East is also keen to be at the forefront of innovative initiatives and as can be seen on PX, we are leading the way in terms of Low Carbon at the new Queensferry High School. On this project we are also designing to BIM Level 2 to ensure , as we are at Wallyford Primary which you can read about on P36.

Value for Money

This year we have continued to deliver our record of successfully handing over 100% of our projects within the agreed affordability cap.

Delivering on budget is a key reason why clients continue to choose Hub for the delivery of community infrastructure in the South East Territory, but we are keen to demonstrate that we can provide value for money at other stages in the process. As our experience broadens and relationships strengthen, the partnership between ourselves, our supply chain and our clients, allows us to negotiate positions and take commercial decisions to further drive down costs.

To this end, this year we have again dedicated a section to the added value provided through Hub South East. You can see this on P50.

Health and Safety

Our Tier 1 Contractors continue to demonstrate excellence in relation to safety, with their average accident frequency rate being well below the 0.4 threshold.

This year, as with previous years, no reportable accidents have occurred on any Hub South East sites and no HSE enforcement notices have been received.

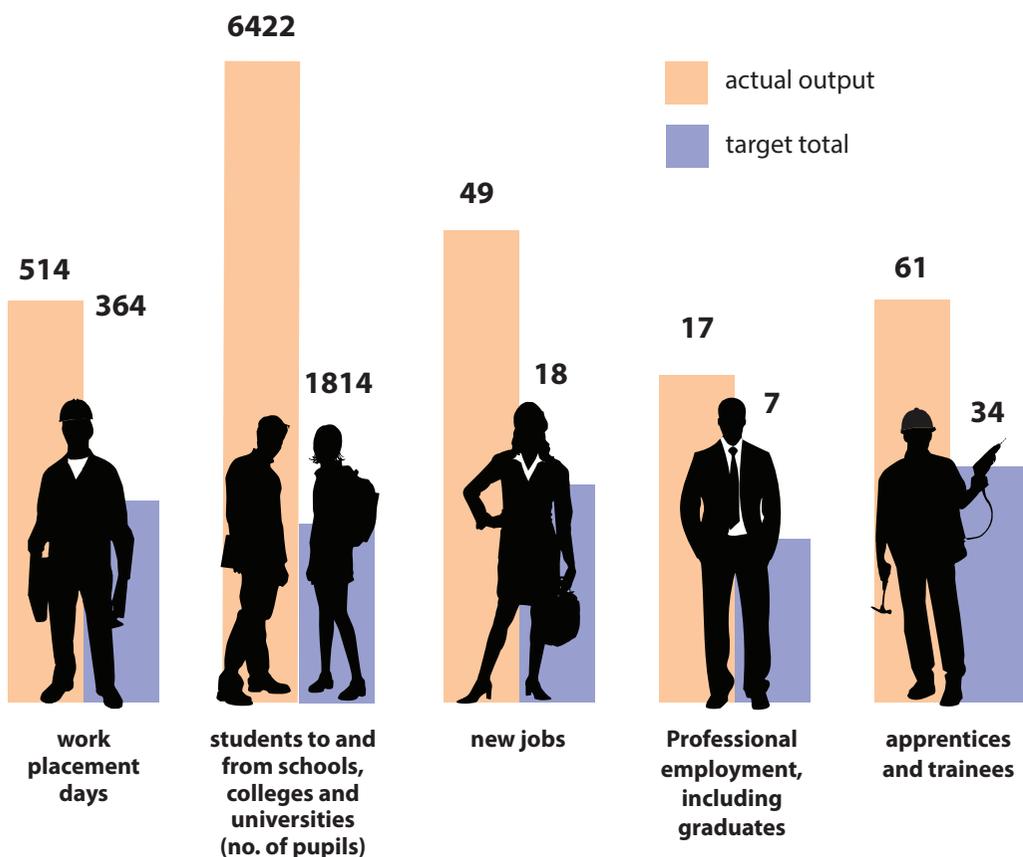
We take Health and Safety very seriously and report on this regularly to the Hub Board. All three Tier 1 Contractors are committed to maintaining and improving upon their safety records and this is promoted throughout their supply chains.

Community Benefit

Key to the success of the Hub initiative, and where it differs itself from other procurement methods is the delivery of benefits for local communities.

We are pleased to report that in the South East Territory, we can demonstrate that we are delivering and indeed outperforming our targets in this area.

On P2 you can see that since our inception we have delivered an impressive number of benefits and **this year we again exceeded what we set out to achieve across completed projects in 2016/17.**



Notably we delivered almost three times the number of new jobs and almost twice the number of new and existing apprentices/trainees than we had targeted. We more than double our graduate employment target and there was a 250% in the number of visits to and from sites compared to what we aimed to achieve.

You can see throughout the previous pages of this report, good examples of how the community is benefiting from our projects – from site visits which have encouraged young people into the construction industry, to creating new jobs for local people. Here’s just some of the positive feedback we’ve received:

“The young people are keen to know what’s going on so visiting the site has been helpful as we can feed back on the progress. Drawings are great but it’s far easier to visualise the space when you’re on site and can see the structure. I think the atrium will serve as a real focal point and the new space will allow much better collaboration across the school. It’s going to be a very exciting space.”

Greg Scott, Geography Teacher, West Calder High School.

“I am learning more every day and I very much appreciate this opportunity. When I started my placement I did not expect to be offered full time employment prior to my placement ending. I’m really excited about the future.”

Cristina Kean, Trainee Quantity Surveyor, Royal Edinburgh Campus



Cramond Primary School nursery children using their donated step to help them recycle



Chris Patterson was offered a summer placement with GRAHAM Construction at Blackburn after winning a civil engineering competition



We practice what we preach in Hub South East. As we reported last year, in recruiting a new Office Assistant we offered the post as an apprenticeship. We're pleased to say that Rianna Chalmers completed her level 3 apprenticeship in Business Administration with us recently and has since been offered and taken on a role as a PA within Galliford Try, our private sector partner.

"I looked for an apprenticeship as I wanted to learn on the job and during my time with Hub South East I was able to gain valuable work experience whilst completing the necessary modules for my apprenticeship."

"My role exposed me to the wider construction and investments industry and I was delighted to be offered a new position that reflects my growing skills and interests. I'm thankful to Hub South East for this first step on my career ladder!"

Rianna Chalmers, 18, Former Business Administration Apprentice, Hub South East

Supply Chain

Hub South East has an extensive, award winning supply chain consisting of three Tier 1 Construction Contractors in addition to 68 other companies, including 21 architects, 11 mechanical and electrical engineers and 9 civil/structural engineers. This affords us the luxury of having a wealth of experience across many disciplines which can be called upon at any time to assist in the delivery of projects for our public sector clients.

The most notable change to our supply chain in this reporting period is the addition of a third Tier 1 Construction Contractor. Last year, in recognition of the potential future opportunities that we see ahead, we decided to expand our supply chain. A thorough, robust and transparent tendering process was undertaken and BAM Construction was selected as the preferred contractor. BAM Construction has now joined our supply chain, alongside Morrison and GRAHAM Construction – both of which have been involved in Hub South East since its inception.

All supply chain partners have signed up to the Hub South East Supply Chain Charter, ensuring we are all working to the same guiding principles of partnership working.

"We are looking forward to engaging with Hub South East and its partners and assisting, along with the other Tier 1 contractors, to deliver a very exciting project pipeline."

Bruce Dickson, Regional Director, BAM Construction

Quality

At the heart of our offering to clients is the development and delivery of modern community infrastructure facilities so it's important that the completed buildings are of a high quality standard.

Each project has a specific Quality Plan, established pre-commencement, and all parties to the contract work in accordance with the plan. **Again this year, we have met all the necessary quality targets.**

The Cole Report released this year identified a number of recommendations in terms of construction quality across the Industry. Hub South East takes quality and safety very seriously and was involved in various discussions with Clients and our supply chain on these issues. We carried out an in-depth review of our quality control procedures and are pleased to say that we have a robust system and checks in place, with many of the recommendations made in the report, already standard practice on our projects. Over and above, in order to strengthen our offering, we have implemented additional measures such as Clerks of Works and extending the role of designers.

We will continue our efforts in this area, working with our three Tier 1 Contractors to promote best practice throughout the supply chain.



The team - including reps from NHS Lothian, Hub South East, Morrison Construction and SFT - celebrate a Silver Best Healthcare win at the 2017 Partnership Awards



Hub South East continues to be recognised by the wider industry as this year the James Gillespie's Campus scooped 'Development of the Year' at the 2017 Scottish Property Awards. Quality of design, community engagement and partnership working was key to the submission. Also recognised at the Awards were shortlists for Royal Edinburgh Campus Phase 1, Rosemount Gardens and Hub South East as a team for Property Company of the Year.

And at the 2017 Partnership Awards in London in May, the East Lothian Community Hospital brought home a silver award in the Best Healthcare category, with Hub South East as a team being shortlisted for Sponsor Developer of the Year.

Programme

In relation to construction delivery, **all of Hub South East's, 100% of completed facilities this year were handed over within 5% of their agreed completion dates.**

The average three year rolling slippage in the development programme reduced this year from 3.5% to 0.29%, after already reducing from 10.9% in the previous year.

Community Infrastructure projects can be complex and varying factors can contribute to delays, whether these are in the development stages or during construction. The strength of the partnership with our public sector clients and supply chain is that we work together to minimise these risks and remain committed to doing this to ensure our string track record of delivering on time is maintained.

Testament to this is the fact that of the 56 projects we have delivered, all except one have been handed over on or ahead of schedule.



Staff from West Calder High School visit the site to see the progress being made on their new school

Added Value through Hub South East

As we continue to work as a true development partner with our Clients and build strong relationships with both the public and private sector, we are able to drive down costs and provide real added value. Here are just some examples of projects we have completed this year or are currently working on, which evidence this:

£1.1m

Stage 2 prices on projects closed this year have been below the affordability cap and resulted in an aggregate saving of **£1.1m**.

Full transparency of market testing on the East Lothian Community Hospital helped achieve 4% under the Affordability Cap – saving **£3.5m**.

£3.5m

Through a combined OBC/FBC – an 8 month delay in the procurement process for East Lothian Community Hospital saved circa **£2.5m** in inflation.

£2.5m

£5m

On the East Lothian Community Hospital, we progressed the project through Stage 1 via an extended Strategic Support Services appointment. Without this approach, there would have been a delay of over 12 months, at an estimated cost uplift of c. **£5m** through inflation and change in regulatory standards.



£332k

We are delivering the new West Calder High School below the SFT metric – saving **£332k**.

The use of off-site manufacturing on the Royal Edinburgh campus has resulted in an estimated construction programme saving of **7%**. This has resulted in an estimated inflation and management cost saving of **£600k**.

£600k

£245k

By designing to BIM level 2 to on the Royal Edinburgh Campus, early detection of issues was improved and there was a demonstrable saving in risk allocation of 0.5% - equating to **£245k**.

We are delivering Wallyford Primary School 14% below the SFT metric – that's a saving of **£425k**.

£425k

£2.9m

Through a combination of various project efficiencies we have achieved a **£2.9m** saving below the NPR affordability cap on the East Lothian Community Hospital project.

On the Royal Edinburgh Campus Phase 1, we created an overall reduction in whole life cost terms (both facility and operational). NPV estimates show savings in the region of 15%. Whole Life Cost analysis and NPV v traditional procurement demonstrates a **£5m** saving over a 25 year period.

£5m

£3.5m

We are delivering Kelso High and Newbattle Community Campus below the SFT metric – saving **£3.5m**.





Royston Care Home, Edinburgh

Results : Abstract of Accounts

The information opposite is extracted from the audited financial statements for the year to 31 March 2017.

The company has reported a profit for the year amounting to £652,000. This is the second year of profit for the company and moves it into a net asset position of £220,000. The Directors do not recommend payment of a dividend in respect of the year.

A summary of the financial performance is as follows:

Year ended
31 March 2017

Profit & Loss Account	£000s
Turnover (development fees and payments related to D&B contracts)	37,401
Cost of Sales (Includes payments to D&B contractors)	(35,572)
Gross Profit	1,829
Administration Expenses	(1,080)
Net Interest Payable (mainly on Shareholders Working Capital Loans)	(38)
Profit for year before Tax	711
Corporation Tax	(59)
Retained profit for year	652

As at 31 March 2017

Balance Sheet	£000s
Total Assets	4,005
Current Liabilities	(3,785)
Total Assets less current Liabilities	220
Long Term Liabilities	-
Net Assets	220

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