

Hub South East Scotland Territory Annual Report 2015-2016



Hub South East: Your Development Partner of Choice

Our achievements : 2010 onwards

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

£495m

£119m OPEN and OPERATIONAL

£215m IN DEVELOPMENT

£161m IN CONSTRUCTION

284
NEW JOBS
created

PROPORTION
of CONSTRUCTION WORK
PACKAGES AWARDED to
SCOTTISH SMES

85%

EDUCATIONAL SUPPORT



Site, School
and FE Visits
22,000⁺
persons

School and FE
Work Placements
2,500⁺
days

GRADUATE & TRAINING

191 New and existing
APPRENTICESHIP
and trainee places

97 Professional Employment
including **GRADUATES**

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Foreword

Welcome to the 2015/16 Annual Report for the South East Hub Territory.

This year we have seen the continued delivery of modern, high quality community facilities across the territory, with the overall value of Hub projects approaching £500m. As Hub South East (Hubco) successfully manages these important projects for our Participants, the strength of the partnership is allowing the resolution of complex issues and the Hub programme is providing demonstrable value for money (see P54 for some examples).

Since our inception in 2010 we have now delivered 40 new or refurbished facilities to a value of £119m, accommodating a range of healthcare, education and community services. With 14 projects currently on site and over £200m in development, the level of activity is being sustained.

Overall it has been another productive year. An issue with the balance sheet treatment of revenue-financed public projects under the ESA 2010 accounting standard, meant some significant delays in closing three substantial projects. However, after it was resolved we managed rapid financial closes on all three – the Lothian Bundle of Partnership Centres, Kelso High School and Newbattle High School – allowing construction of these much needed community facilities to begin.

We have now handed over our first revenue funded facility, the James Gillespie's school campus. In addition we have completed a number of smaller capital funded projects, ranging from a third year of Rising Rolls school extensions to a new build assisted living complex. Feedback from those using these new buildings has been extremely positive and they are making a real difference in the quality of services our Participants are able to provide.

As we continue to implement the Territory's agreed Strategic Delivery Plan, we strive to transform public services through collaboration. This can be seen in action as we progress with strategic support on the Leith Community Partnership Service Hub (see P42). This project is involving a number of agencies including the City of Edinburgh Council, NHS, Emergency Services and the third sector. In line with the central aims of the Hub programme in terms of service integration and partnership working, we aim for Hubco not just to be a vehicle for efficient procurement of new facilities. We should add value in a development role, identifying and addressing the opportunities for improvements in service delivery through imaginative collaboration models, against a background of severe budgetary constraint.

The relationships between Hubco, Participants and our supply chain are now well established and this makes challenges such as the ESA 2010 delay easier to overcome. We are committed to listening to our partners and taking action to make sure we are providing the best service possible. The launch of our Innovation Programme this year is key to our ongoing continuous improvement and we are grateful for the commitment of our stakeholders in this process. Our aim is for Hubco to be seen as the development partner of choice by our Participants, which involves both streamlining and improving our procedures and methods of working, as well as assembling and sharing the data which compares and contrasts us with conventional procurement.

Hub South East remains focused on the wider economic impact of our projects and we are proud that again this year we have demonstrated a range of community benefits. To date, we have supported 284 new jobs, almost 100 graduate places and nearly 200 new and existing apprentice and trainee places.

Over the next year we will be focussing on completing the construction of the first phase of the Royal Edinburgh Campus, the new Royston Care Home, Rosemount Gardens and a number of smaller health and education facilities. We also plan to reach Financial Close on our two largest projects to date – the £69m East Lothian Community Hospital and the £96m Phase 2 of the Royal Edinburgh Campus, as well as the new West Calder High School.

We will be strengthening and broadening our supply chain with the introduction of a third Tier 1 contractor and we hope to see tangible outcomes and changes being implemented as a result of our Innovation Programme.

Alastair Young, the Territory Programme Director for the South East territory, is moving to a full time role within the Scottish Futures Trust and we would like to record our appreciation for the support and guidance he has provided over the last three years. We wish Alastair all the best in his new position and we look forward to working with his successor as we continue to implement the Territory's Strategic Delivery Plan.

We would like to take this opportunity to thank all those organisations and individuals who contribute to the success of the Hub initiative in the South East Territory. It is a real collaborative effort and we look forward continuing this strong partnership working in the coming year.



Alex McCrorie
Chair
South East Territory Partnering Board



Jo Elliot
Chair
Hub South East Scotland Ltd



James Gillespie's Primary (Rising Rolls Phase 3), Edinburgh



Roddy Clark (Hubco), Ewan Doyle (Scottish Borders Council) and Hannah Perry (D5 Architects) join event organisers to collect Town Centre Regeneration Project of the Year for Galashiels Transport Interchange – Scottish Property Awards 2016

Hub South East Scotland Territory Programme Director's Annual Report

A Year of Partnership and Progress



Alastair Young
Programme Director,
TPB

This year the strength of the partnership between Participants and Hubco has enabled significant progress in the delivery of community infrastructure.

The delays to the pipeline of major DBFM projects associated with ESA 2010 are now behind us. The collaborative way in which Hubco, its supply chain partners and Participants responded to remobilise these projects speaks volumes as to the desire to work in partnership and deliver value for money. The Lothian Bundle Project, Kelso High School and Newbattle High School are now well into their respective construction programmes and are already delivering community benefits in terms of work placements, site visits by local students as well as graduate recruitment.

The flexibility that the Hub process can offer Participants continues to be a success. The Rising Rolls model for extensions to existing primary schools and nurseries, championed by City of Edinburgh Council, continues to be an attractive option. The ability to take a project from concept to delivery in less than 12 months is a real asset for Participants and a distinct advantage over other conventional procurement routes.

Across the wide spectrum of projects that Hubco is delivering for Participants there has been considerable improvement in the past 12 months in the way in which the Hub process is managed. This has yielded benefits to the Participants, with all completed Stage 1 and Stage 2 submissions showing little or no slippage and in all but one project the Stage 2 price has been below the agreed affordability cap. This has resulted in an aggregate saving of c. £3.4m to the public sector this year.

Delivery during construction has continued to be a key strength of the Hub programme. This year all of the completed projects have been delivered within 5% of agreed completion dates, with the majority having been completed on or ahead of programme. In addition, it remains the norm that the final cost of a Hub project will be on or below the agreed price at contract award.

The community benefits delivered via the Hub initiative continue to be a huge success. On projects completed this year, more than 1300 work placement days have been created, almost 8000 pupils and students have benefited from educational or site visits, 160 new jobs have been supported and 89% of construction work packages have been awarded to SMEs in Scotland.

However, we continue to work in a complex environment and all projects face their own challenges. Issues of time, cost and quality remain of paramount importance. In this regard, Hubco's Innovation Programme has been a valuable exercise to make the Hub process as efficient and effective as it can be.

Construction quality has been a prominent issue for the construction industry this year. In light of events out-with the Hub initiative, arrangements were made for Hubco and its two construction contractors to present to the Territory Partnering Board how they manage quality in construction. However, as part of the Innovation Programme and the KPI refresh process, current construction quality management processes will be reassessed to ensure all necessary measures are being taken to maintain the highest level of construction quality.



Windygoul Primary School Extension, East Lothian

Looking to the future; in the short term there is a significant pipeline of projects to be delivered in both the health and education sectors. In the medium and longer term the need to invest in the local education and primary health care estate will be driven by government policy, asset rationalisation/condition, population growth and demographic change.

The on-going support to the Leith Community Partnership Service Hub is one example where the Hub initiative is supporting this change agenda. Hubco is providing a way in which public sector bodies such as local authorities, health boards and the emergency services, can collaborate to address their future service needs.

The Hub initiative remains a key asset for all Participants to help realise the vision set out in our Strategic Delivery Plan to **work together to provide enhanced local services and achieve tangible benefits for partners and communities in the Lothian and Borders.**

Our Territory Delivery Plan

The pipeline of projects being taken through Hub continues to look healthy. To date the Hub initiative in the South East has delivered 40 new community facilities with a value of £119m. There are currently 14 projects in construction, with a value of £161m and 4 projects worth £215m are at various stages of the development process.

The potential future pipeline of community infrastructure projects also looks healthy, with NHS Lothian signalling further investment at the Royal Edinburgh Campus and the on-going need to improve and enhance primary health care facilities.

From a local authority perspective, investment in the education estate remains a key priority. Working in partnership with the City of Edinburgh Council, Hubco is at the early stages of developing its fifth revenue financed secondary school.

In addition, the Scottish Government's pledge to increase the provision of free early learning and childcare provision to 1140 hours per year by 2020, as well as their commitment to increase the number of homes across Scotland, presents further opportunities for Hubco as a public sector development partner.

The estimated value of possible projects within the future South East Hub Territory Delivery Plan over the next five years is summarised opposite.

SECTOR	VALUE	COMMENT
Health	c.£20 - £50m	Future phases of Royal Edinburgh Campus
Primary Health Care	c.£40m	15 to 20 Health Centres
High School (New)	c.£120m	7 to 10 New Refurbished/ Extended High Schools
Primary School (New)	c.£90m	Around 10 New Primary Schools
Primary/Nursery (Ext)	c.£110m	Around 30 Extensions
Health & Social Care	c.£40m	Around 5 new facilities/ refurbished facilities

It is recognised that not all of the above will be delivered via Hubco and that these are subject to available funding and ongoing development priorities of each Participant.

Hubco's Performance

The Territory Programme Board monitors Hubco's performance against a suite of 50 Key Performance Indicators set out in the Territory Partnering Agreement.

No Track Record Test Events are being carried forward from previous years and there have been no Significant Performance Failures or Track Record Test events recorded this year.

Proposals have been made to refresh the KPI targets for 2016/17 and the aim is to have an agreed set of refreshed targets in place by early 2017.

For a more general overview please see the Performance section of this report (P45). Full details of Hubco's performance against all KPIs, is available online: www.hubsoutheast.co.uk/our-annual-review

Our Numbers

Capital Enabling Budget

Just under £6.0m of the Territory's £6.5m Capital Enabling Budget has now been drawn down. Of the remaining balance which is yet to be drawn down:

- £438,000 has been allocated to The City of Edinburgh Council for the North West Edinburgh Partnership Centre
- £55,000 has been allocated to Roxburgh Street Health Centre
- £18,152 has been allocated to East Lothian Council's Place Making Activities and
- £22,726 has been allocated to The City of Edinburgh Council's Leith Community Partnership Service Hub project.

In addition to the above, Hubco is holding on to £66,910 (at 30/6/16) of interest and fees associated with the B-Shareholders' working capital loan. This has been ring fenced for capital enabling activities. Of this £66,910 (at 30/6/16), £35,474 has been allocated to the Leith Community Partnership Service Hub Project. This leaves a remaining unallocated balance of £31,436.

Territory Revenue Budget

The Territory is considering moving from having a Programme Director on a 3 days per week basis, to a full time appointment. This increased commitment would have an impact on the Territory's revenue budget. The current funding is now forecast to be exhausted by the end of March 2017.

Currently SFT is in discussion with Scottish Government in terms of funding to support a full time Programme Director for each of the five territories and the longer term funding arrangements will therefore become clearer by early 2017.



Matthew Cordice (5), North West Edinburgh Partnership Centre Sod Cutting

Hubco Chief Executive's Report



Paul McGirk
Chief Executive
Hub South East
Scotland Ltd

2015/16 has been another productive year, with various challenges to manage but many successes to trumpet.

The ESA 2010 accounting issue continued to cause uncertainties during the first half of this reporting period. However, after its resolution in early 2016, and **testament to the amount of preparation undertaken behind the scenes, Hub South East was able to reach Financial Close on two of the three outstanding DBFMs within a matter of weeks**, allowing construction to begin on site for Kelso and Newbattle High Schools.

Followed soon after by the Lothian Bundle of Partnership Centres, this resulted in us **achieving Financial Close on revenue funded projects worth more than £81m this**

year. In addition to this, we have been busy on the preconstruction work for a number of Design and Build projects and **since March 2016, we have successfully reached Financial Close on 11 contracts – a fantastic achievement and culmination of months of partnership working with Participants.**

In education we recently handed over the final phase of construction work packages on the James Gillespie's Campus - a complex phased build on an operational school site in the centre of Edinburgh, as well a school extension in Tranent and a third year of Rising Rolls school extensions in Edinburgh (with a fourth due to complete soon). We also successfully completed our first project for West Lothian Council, seeing the Rising Rolls extension principle being rolled out for the first time out with the Capital.

In health, as well as the Lothian Bundle, we are progressing well on site with the first phase of the Royal Edinburgh Campus and **we have been awarded the second phase at £96m – more than double the value of the first**. There is also a significant amount of development work being undertaken on the new East Lothian Community Hospital and a variety of smaller health facilities.

In total, during this 12 month reporting period from August 2015, our team has worked on:

- The completion of developments totalling £37m
- The start of construction of new facilities valued at more than £100m
- Project development on qualifying projects valued at £215m

Following the development and delivery of construction work packages on these projects, we can now highlight demonstrable evidence of where we are providing value for money for our Participants. Benchmarking data shows **that we are consistently performing well against SFT metrics on High Schools**, as well as against other Hubs in Scotland, with Kelso and Newbattle High School for example, being delivered for a combined £3.5m below the m² SFT metric. As well as this, we **continue to drive down costs** - with the agreed Stage 2 price versus the agreed Stage 1 price on projects this year reduced by £3.4m, with a saving of 11% on design fees.

We are adding value and realising real savings for Participants and as this is such an important aspect of Hubco's offering, we've dedicated a section of the annual report to examples of this - see P54.

I am proud to say that our hard work was recognised this year as **Hub South East won its first award – a Scottish Property Award for the Galashiels Transport Interchange project**. We were also shortlisted in the prestigious Partnership Awards for the Royal Edinburgh Campus. As well as highlighting good working relationships on modern, high quality facilities, one of the key features of these submissions was demonstrating the wider economic gain and delivery of community benefits through Hub projects.

Since 2010 we have awarded 85% of work packages on completed jobs to SMEs and supported more than 2,500 days of work placements, as well as almost 23,000 school, site and further education visits. 284 new jobs have been created within our supply chain to allow the delivery of Hub projects and 191 new and existing apprenticeship and trainee places have been supported.

The provision of these community benefits, combined with the successful delivery of new facilities and partnership working on the development of new projects, is demonstrable evidence of how well we are performing in Hub South East. But we

are not resting on our laurels. We are keen to continuously improve and we are aware that to **ensure our Participants consider us their development partner of choice**, we have to listen and make changes so that the Hub process is quicker and more efficient.

To this end, last year we said we would launch an Innovation Programme. We did this with a well-attended workshop at the end of 2015, and I'm pleased to say that a number of further workshops on key themes – from simplifying the process to technical innovation – have taken place since. To date **the programme has been a very positive exercise in terms of creating forums for open discussions**. More than 60 public and private sector professionals within the Hub South East territory have been involved and we are now busy implementing a range of improvements as a result (See P52).

Looking ahead, as well as continuing with our Innovation Programme, the end of this year should see us appoint a third Tier 1 Contractor to our supply chain, strengthening our offering to Participants. Recognising the concerns of our Participants in light of recent high profile quality problems out with the Hub programme, we are working harder than ever to maintain the highest level of construction quality. We will be reassessing our quality management procedures to ensure all necessary measures continue to be taken in the delivery of Hub projects.

The first patients and staff will benefit from new mental health care facilities as we complete the first phase of the Royal Edinburgh Campus and we should reach Financial Close on the new East Lothian Community Hospital and West Calder High School, allowing construction to begin.

Internally, Alastair Young, our TPB Programme Director is taking on a new position within Scottish Futures Trust. Over the past three years, we have worked closely with Alastair to ensure a joined up approach across the Territory. I would like to thank Alastair for his tremendous contribution and wish him well in his new role. We look forward to working with Alastair's successor, continuing to maintain strong relations as we develop projects together in the future.

Finally, **thank you to all of those who have contributed to Hub South East's progress in 2015/16**. It's the hard work and dedication of a collective group of team members, participants and supply chain partners that drives our success. In the coming year we hope to strengthen these relationships, together improving the delivery of the Hub programme in the South East Territory.



Rosemount Gardens, West Lothian



Projects : Completed



Hubco has successfully handed over projects to the value of £37m in this reporting period. All projects were within the agreed affordability cap.

All projects were delivered within 5% of the agreed completion dates, with the majority having been completed on or ahead of programme.



PROJECT COMPLETED	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR	START DATE	COMPLETION DATE
Windygoul Primary Extension	Double storey extension	East Lothian Council	£3.7m	Design and Build	Morrison Construction	July 2014	August 2015
Rising Rolls Phase 3	7 x new school extensions	The City of Edinburgh Council	£6m	Design and Build	Morrison Construction	May 2014	August 2015
CEC Nurseries	3 x new nurseries	The City of Edinburgh Council	£3.3m	Design and Build	Morrison Construction	April – June 2014	August 2015
Wester Hailes Underpass	Underpass connecting to the Wester Hailes Healthy Living Centre	The City of Edinburgh Council/ NHS Lothian	£700k	Design and Build	Morrison Construction	August 2014	November 2015
Blackhall Gym	New gym for primary school	The City of Edinburgh Council	£1m	Design and Build	Morrison Construction	April 2014	December 2015
Simpson Primary School Extension	Extension (similar to Rising Rolls programme)	West Lothian Council	£2.1m	Design and Build	Morrison Construction	May 2015	December 2015
Rosemount Gardens	New housing facilities for for older people with support needs	West Lothian Council	£6.4m	Design and Build	GRAHAM Construction	February 2012	May 2016
James Gillespie's High School	Completion of the new high school campus – sports and performing arts complex	The City of Edinburgh Council	£13.5m (part of wider £34m project)	Design, Build, Finance and Maintain	Morrison Construction	June 2012	August 2016

JAMES GILLESPIE'S CAMPUS



After recently handing over the sports and performance buildings, we have now completed our first revenue funded project – the James Gillespie's Campus in Edinburgh - in time for the new facilities to be operational for the start of the 2016/17 school year, as planned.

This £34m educational campus, providing education for 3-18 year olds, has been a complex phased project. The current schools (nursery, primary and high schools) have remained operational throughout the build, meaning that decants, demolition and construction all took place whilst pupils studied on site. This made the project difficult logistically, so its successful delivery is testament to the good working relationship between Hub South East, the City of Edinburgh Council and our supply chain.

Works on the campus have included:

- A new nursery; two new classrooms and a gym at the existing Primary School.
- A new main teaching block for the high school, named by the school as the Malala building - handed over on time and on budget it April 2015 to excellent feedback from staff and pupils alike.
- The refurbishment of the A-listed Bruntsfield House, in the centre of the Campus.
- A new sports block including a swimming pool.
- A new performance block including drama studio.

As well as delivering these new and refurbished facilities, in 2015 our construction team on site had to manage the parallel build of an additional extension to the Primary School as part of the third year of our Rising Rolls programme with the City of Edinburgh Council.

As is to be expected with complex projects of this nature, with a mix of demolition, temporary units, refurbishment of a listed building and the construction of new modern facilities, the process of delivering the new Campus has not been without its challenges. But with a team behind the scenes whose relationship with the Participant has improved from phase to phase, commercial decisions were able to be taken, and issues have been resolved quicker. In addition to this, the team on site developed an excellent relationship with the school and was able to fully engage them in the process, keeping them informed, accommodating as best as possible their educational needs on this operational site, and ensuring that the construction itself could be used as a unique learning opportunity, facilitating safety talks, school visits etc.



USING NEW SPACES

As a Hub project, we have been keen to realise additional benefits for the school and surrounding community. It's been fantastic to see that the new buildings are allowing the school to achieve things that otherwise wouldn't have happened in their old accommodation. One example was a drama project with the Lyceum Theatre where 200 S1 pupils took part in Project Narnia – culminating in various theatrical performances in the new Malala building. These would not have been possible without the new open layout.

LOCAL CAR WASH

No matter how much work is done to contain the dust from a live construction site, it can sometimes affect those living nearby. Recognising this, as considerate contractors the site office arranged a Car Wash Day during a period of heavy construction. This allowed neighbours to get their cars washed for free!

LOCAL GROUPS

As you can see from the statistics around community benefits, on the Gillespie's Campus we have far exceeded the targets. This has resulted in thousands of pupils and students getting involved in visits to and from site, including safety presentations, as well as a number of apprenticeship opportunities and new jobs. As a live construction site, wherever possible, pupils were able to use the project as a learning opportunity and this extended to the local community too, for example when local scout groups were supported in their community challenges badges as they made bird and bat boxes on site.

TV PROMOTION

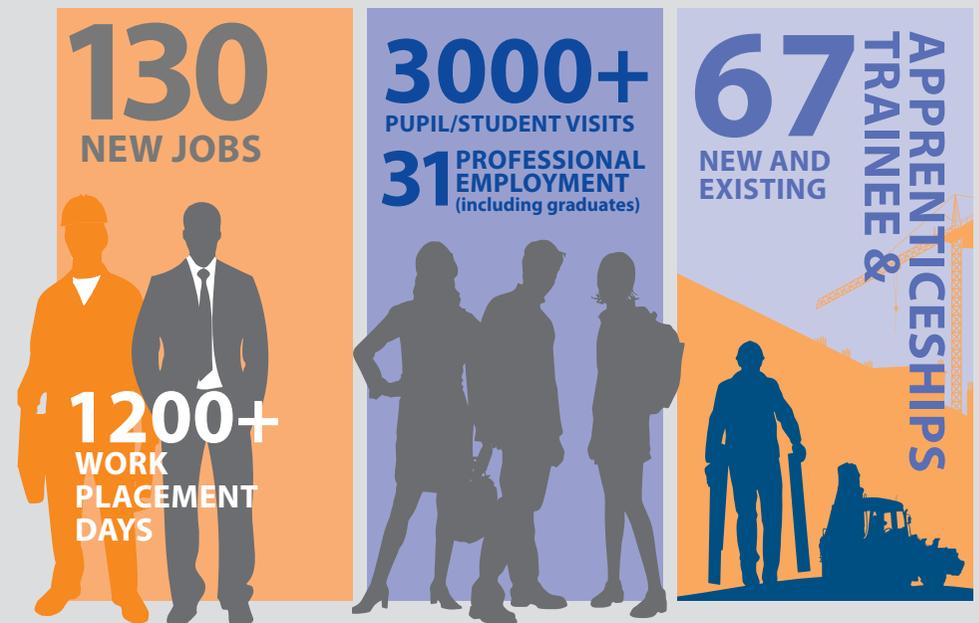
During the build, the James Gillespie's site was chosen as a case study for a BBC Documentary series called 'How Scotland Works.' Hub South East worked with our contractor and the City of Edinburgh Council to facilitate preparation, a site visit, interviews and a site tour. Staff from all parties were interviewed, as well as pupils, with the aim of showing how investment in community infrastructure such as schools is paying dividends in Scotland today – from a construction and job related point of view, to the delivery of education for local authorities.

"Over the past three years we have worked closely with Hub South East to ensure that the school remained fully operational throughout the build of the new school campus. Flexibility and understanding from all involved have ensured that challenges were readily overcome.

"Having now had a full year in the completed Malala building, all who have visited have loved the spaciousness and light filled rooms now enjoyed by pupils and staff. As the entire campus nears completion we look forward to taking ownership of the two further buildings and the enhanced external spaces. Earlier visits to these new buildings and spaces confirm that we will soon have a magnificent school.

"Huge thanks to all who have contributed to building this incredible campus; a campus that elevates the environment for learning in the 21 century to spectacular new heights."

Donald MacDonald, Head Teacher, James Gillespie's High School



James Gillespie's Campus - Community Benefits Statistics

ROSEMOUNT GARDENS



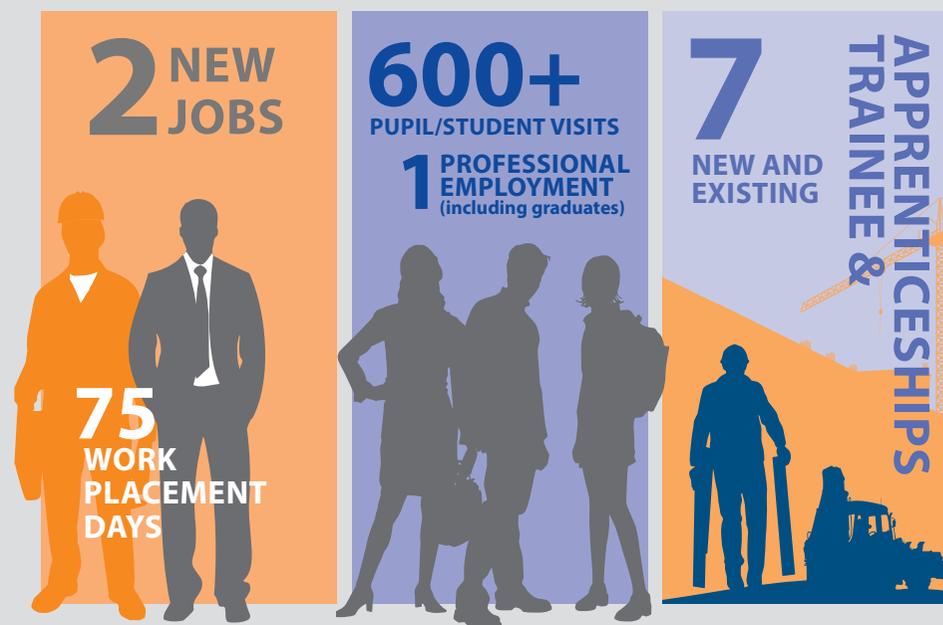
Our first project to break ground in West Lothian was the Rosemount Court Housing with Care development – named Rosemount Gardens by the Council.

The project was split into two phases – the first being the new build housing complex, which was recently handed over to the Council, and the second, the refurbishment of existing homes surrounding the site into 16 one bedroom flats.

The new build element of Rosemount Gardens contains 30 one bedroom flats, office accommodation, and communal spaces for residents and the wider community to use. Shared facilities for residents include a laundry, dining area, internal courtyard and a hairdressers. The self-contained flats encourage independent living, alongside 24 hour staffing cover and are being well received by staff and residents alike.

Our contractor is still on site delivering the second phase of refurbishment and is continuing its positive relationship with staff and residents, which has seen regular updates sent around the site, the provision of a Christmas tree for the residents and an afternoon tea party where contractors and residents enjoyed a dance and a sing song.

This positive relationship extended out with the facility too, with a range of community benefits being delivered and links being made with West Lothian College and Deans Community High School. Civil engineering students have benefited from site visits and our contractor's STEM (Science, Technology, Engineering and Maths) ambassador was involved in a networking event with 183 S2 pupils to encourage interest in STEM fields.



Rosemount Gardens - Community Benefits Statistics



"The new building is fantastic! Staff and residents absolutely love it.

"It's been well designed – there's a lot of space and so many different modern features and facilities but it's still homely. Our residents are really impressed. They can walk around the facility, use a café and meet their friends and family - all without a jacket on. It's these small things that are making such a difference to their lives!"

"In fact our residents are so impressed that the majority of those who have been moved into the new building whilst their current properties are being refurbished, don't want to leave. And now that we have the space - it's been great that we can accommodate these wishes!"

June Murphy, Assisted Living Co-ordinator, Rosemount Gardens

"I was very impressed with the new Rosemount Gardens complex.

"West Lothian has a rising population of older people, and it's essential we take steps now to make sure we can cater for the growing demand.

"The new £7 million Rosemount Gardens and Court development will offer comfortable supported housing for local older people, and create a real sense of community through the welcoming communal areas."

John McGinty, Council Leader, West Lothian Council

WINDYGOUL PRIMARY EXTENSION



This year we handed over a brand new 2-storey extension for Windygoul Primary in Tranent, East Lothian.

The school was opened in 2007 and had already been extended by four permanent classrooms to meet the increasing roll. The new permanent extension we delivered means the school provides a total of 25 classrooms, together with expanded dining area, additional general purpose rooms and ancillary spaces.

The design of the extension is sympathetic to the existing school, with the use of materials such as larch timber wall cladding and sedum roof coverings.

During construction, our contractors worked closely with the school, ensuring staff, parents and the children were involved and engaged in the construction process.

In addition to attending parent and staff meetings, and having safety talks in school, a Design a Hard Hat Competition was run, where pupils were invited to make some hard hats more exciting. Children, site staff and school staff had a fun event where they modelled the designs on a catwalk. Our contractor donated prizes to the winners. As well as this, the site manager attended a working lunch with the Student Council and answered questions in relation to the project and wider construction industry.

"We are delighted with our new extension, which enables all of us to use the school to its full extent. It's a bright, welcoming place that we are all very proud of."

Avril Wilson, Head Teacher, Windygoul Primary



Windygoul Primary Extension - Community Benefits

SIMPSON PRIMARY PAVILIONS



For four years now we have been working on a programme of Rising rolls school extensions for the City of Edinburgh Council, having almost completed 18 facilities, and **this year we delivered the first Rising Roll school extension for West Lothian Council**, at Simpson Primary in Bathgate.

The Rising Rolls programme is an innovative solution to help tackle rising school numbers by developing, designing and constructing new classrooms in short timescales - start to finish in less than 12 months. We work with our Participants to provide a standardised approach to various class sizes which 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 pallet of materials is used.

At Simpson Primary, one of the key visual differences which personalises the new buildings is the rainbow canopy joining the two pavilions.

Although, due to the timescales and size of the project, there were no specific targets set in relation to community benefits, we still managed to deliver a range of learning opportunities for pupils on site.

School children were involved from the start to the finish of the project, helping with the photocall to mark construction milestones and organising a fantastic event for the official opening, praised the new facilities and spoke passionately about the difference they are making to the school.

"It's modern – a very awesome place to work in!"

"It is so beautiful." "It looks very big and exciting."

"It's big and shiny and new."

"I like that you can work in an open area."

The nursery class in particular, due to the location of their play area directly opposite the site, were involved in the construction process daily. They created a book on the project, charting progress, interviewing contractors, taking photos and carrying out site visits. Having this project on site was a real opportunity for active learning on a live site, looking at a variety of topics from design and construction, to health and safety.

On Hub projects we aim to ensure that as far as possible, work is carried out by Scottish SMEs. On this project, 98% of the construction work packages awarded, went to Scottish SMEs – another example of how our projects are contributing to the wider economy.



"I'm absolutely delighted to have the new pavilions open and in use now."

"It's so important to have space - and flexible space – to maximise learning and teaching opportunities."

"These fantastic pavilions will give us the room we need to give Simpson pupils the best possible educational experience."

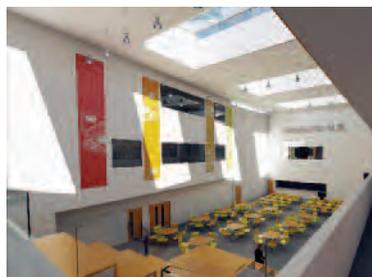
Arlene Black, Head Teacher, Simpson Primary



North West Edinburgh Partnership Centre sod cutting – Maureen Watt MSP, Minister for Mental health, joins representatives from Participants, Hubco and our Contractor



Projects : Under Construction



Hubco currently has 14 projects under construction, with a value of £161m.

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.



PROJECT UNDER CONSTRUCTION	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR	START DATE	ESTIMATED COMPLETION DATE
Pinewood Primary School	Extension to existing school	West Lothian Council	£1.2m	Design and Build	Morrison Construction	December 2015	August 2016
Prestonpans Infant School	Two storey extension with additional classrooms	East Lothian Council	£400k	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	£2.9m	Design and Build	Morrison Construction	November 2015	August – October 2016
Rising Rolls Phase 4	4 x new school extensions	The City of Edinburgh Council	£3.7m	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
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 £7m project)	Design and Build	GRAHAM Construction	February 2012	October 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	£45.2m	Design, Build, Finance and Maintain	Morrison Construction	April 2013	December 2016
West Calder Bridge	Constructing a bridge for access to the new West Calder High	West Lothian Council	£5.4m	Design and Build	Morrison Construction	September 2015	December 2016
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	February 2017
Roxburgh Street Health Centre - Galashiels	New health centre	NHS Borders	£1.7m	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
Lothian Bundle	New partnership centres in Blackburn, Firrhill and North West Edinburgh	NHS Lothian/ West Lothian Council/ The City of Edinburgh Council	£26.2m	Design, Build, Finance and Maintain	GRAHAM Construction	February 2013	October 2017
Kelso High School	New high school campus	Scottish Borders Council	£21.5m	Design, Build, Finance and Maintain	Morrison Construction	April 2013	November 2017
Newbattle High School	New high school campus	Midlothian Council	£33.8m	Design, Build, Finance and Maintain	Morrison Construction	October 2013	March 2018



"Our goal is to create homes for life for older people in quality residential accommodation which meets modern standards. This new facility will offer a caring and supportive service, as well as a good quality of life."

Cllr Cammy Day, Health, Social Care and Housing Committee, Vice Convenor, City of Edinburgh Council

ROYSTON CARE HOME

This project involves the construction of a two storey, 60 bed residential care home with communal courtyards and gardens. The new care home, due to be completed in the next few months, will offer modern, fit for purpose residential accommodation for older people in Edinburgh.

As with all Hub projects, we try to ensure that it's not just the people using the new facilities that benefit, but that the construction project itself allows opportunities for community benefits such as work experience, education and apprenticeships.

An area where we are already exceeding our targets for the Royston Care Home development is in relation to visits by pupils/students, having benefited 713 young people already, versus a target of 123. These can be site visits to experience the workings of a construction site, or can involve contractors visiting pupils and students in their own places of learning, doing safety presentations or talking about the project.

One such visit took place on site when the site team welcomed 13 Youthbuild students studying a construction course designed to help young people get that vital first step on the career ladder. Youthbuild provides young people with the skills and accreditations necessary to work in the construction industry, aiming to tackle the underlying issues that prevent young people from entering and sustaining employment. Students rated their visit 10/10 for overall experience on their evaluation form!

Impressed with the work being done in relation to young people, this site was chosen by the Scottish Government for a visit during National Apprentice Week this year. Annabelle Ewing, MSP, Minister for Youth and Women's Employment, visited this Hub project and met with our contractor and apprentices to see how opportunities provided are benefiting young apprentices.

ON SITE APPRENTICESHIP



Karen Jeffrey is 20 years old. After leaving Lenzie Academy High School, Karen studied Building Surveying at Glasgow Caledonian University. She decided to leave university at the end of her second year to seek an alternative career route into the construction industry. Karen was keen to gain on-the-job training and qualifications at the same time so an apprenticeship seemed to be the most suitable route into her chosen career of becoming a Site Engineer.

She started her employment with GRAHAM Construction in August 2015 as a GRAHAM Academy Technical Apprentice Site Engineer. Karen currently attends a Civil Engineering HNC course at Edinburgh College one day a week. The rest of her working week she works as part of the regional site engineer's team on various projects delivered through Hub South East Scotland, most recently Royston Care Home.

Securing an apprenticeship has meant that Karen can achieve her desired route into the construction industry as well as "earning and learning" at the same time.

"I feel I have been given a great opportunity for which I am very grateful. I am enjoying working as part of the team on Hub South East projects and everyone is very supportive and willing to help me learn."

"I feel that securing an apprenticeship with Graham Construction has allowed me to build my confidence. I also find learning easier as I am able to relate my studies to what happens on site, giving me a greater understanding. I think that an apprenticeship is a fantastic way to start a career in construction."

Karen Jeffrey, Apprentice Site Engineer



£24,092
 v
£28,320


£4228 LESS
 per pupil

Compared to the SFT metric

DELIVERING 15% below the metric

£2,190
 v
£2,360

DELIVERING 7% LESS per m²

Compared to the SFT metric

£1.5m difference over the entire building

£2,231
 v
£2,360

DELIVERING 5% LESS per m²

Compared to the SFT metric

£2m difference over the entire building

Image of Newbattle site, courtesy of Midlothian Aerial Photography

KELSO AND NEWBATTLE HIGH SCHOOLS

After the resolution of the ESA 2010 Accounting Issue, within weeks we were able to reach Financial Close on two revenue funded high schools - Kelso and Newbattle.

Construction began on site soon after this and already things are taking shape and community benefits are being delivered:



The new Kelso High School will be able to accommodate 780 pupils, with a wide range of modern facilities for students and the community. Sports facilities will include a 3G sports pitch, 2G hockey pitch and netball court. A new library and gym will also be part of the new school project As well as an eco-garden pond which will have space for an allotment outdoor classroom and arts and crafts garden. The facility will open in late 2017.

We are committed to ensuring the local community benefits from the project during construction.

Just some examples so far from site include giving direct employment to a site administrator who has recently moved to Kelso, as well as for a site operative also local to Kelso. We have also been supporting small local businesses as our contractor has been using the services of a local catering company for the site food van.

"There is a real sense of eagerness and excitement to move to the new building - it will be a fantastic facility. We know what to expect in the new building and all the facilities we need will be on our doorstep."

Jill Lothian, Head Teacher, Kelso High School



The new Newbattle Centre will replace the existing Newbattle Community High School. Open in 2018, it will hold up to 1200 pupils. As well as a high school, local people will benefit from a new library, gym, swimming pool, sports facilities (including all weather pitch) and a range of community facilities on campus.

Local Employment

Midlothian Council takes creating employment and training opportunities for its communities seriously and wants to ensure that every project delivers some form of wider benefit for the local community it serves. This fits in with the Hub ethos of delivering community benefits and we are delighted that through our supply chain, we are supporting such opportunities.

Two local men, Ian Ferguson and Tam McGuiness are now helping to construct the state-of-the-art community hub and high school after attending a recruitment event at Dalkeith Arts Centre in January. Meanwhile, Ross Maxwell, initially started working on site through an agency and has since been taken on by the groundworks firm working on Newbattle, RJT.

Ian, from Gorebridge, is employed by our contractor, Morrison Construction, while Tam, from Loanhead is also working with the subcontractor RJT.

"We're delighted jobs have already been secured by local people. We would hope these jobs are just the start of the opportunities resulting from the Newbattle project. We want a legacy for the project that lasts long after the building has been completed."

Garry Sheret, Head of Property and Facilities, Midlothian Council



“The three new buildings will help to better connect health, social care and council services, therefore improving how services operate for patients and service users. Bringing services together in one place will also help to improve access for communities throughout Edinburgh and West Lothian.”

“We will continue to work closely with our partners in the City of Edinburgh Council and West Lothian Council, along with Hub South East Scotland, as we deliver these fantastic new centres.”

Susan Goldsmith, Finance Director, NHS Lothian

LOTHIAN BUNDLE OF PARTNERSHIP CENTRES

The Lothian Bundle – a trio of partnership centres being delivered for NHS Lothian, the City of Edinburgh Council and West Lothian Council - was the third of the three revenue funded projects, previously stalled by the ESA 2010 accounting issue, which we managed to financially close and start work on site this year.

Allermuir Health Centre will see the construction of a three story building with additional car parking spaces between the new building and the existing Firrhill Medical Centre. The new Centre will provide more health and social care services for the local community, including new GP accommodation, along with podiatry and child health services.

North West Edinburgh Partnership Centre Centre will provide more health and social care services for the local community, including new GP accommodation, along with extra physiotherapy, podiatry, dentistry and child health services.

The Blackburn Partnership Centre will provide a range of modern facilities which will include new GP accommodation, dental services, a public library, Games Hall and Early Years accommodation for use by the Community.

The new centres, due to be complete from Autumn 2017, will help integrate health, social care and council services in the heart of these communities in Edinburgh and West Lothian.

These aims of collaboration, integration and enabling better service provision directly link to the vision within our Strategic Delivery Plan and show how Hubco is facilitating service improvements for our public sector Participants.



#thisiscivilengineering

Showing our support for the wider industry and the importance of civil engineering in delivering community infrastructure, we joined forces this year with the Institution of Civil Engineers to take part in their twitter campaign #thisiscivilengineering. At the ground breaking ceremonies for both North West Edinburgh and Blackburn Partnership Centres, we proudly displayed our banner with the 'Building for Life' caption as these Centres are very much being designed and constructed as structures which will last for generations.

Engaging with the local community

As part of our targets in relation to community benefits, we aim to ensure engagement with the local community, supporting local groups in the areas we are building in. Already, our contractor has made local connections and agreed to sponsor various activities which encourage community involvement and teamwork.



Aligned to the Allermuir Health Centre, Oxfangs Primary School has been given £500 for a new football kit. £500 was donated to the Blackburn Gala Day, aligned to the Blackburn Partnership Project, and Spartans FC Academy, based near the new North West Edinburgh Partnership Centre, benefited from £500 towards their Summer Quest Activity – a city wide treasure hunt for young people, finishing with a BBQ and fun day.

Supporting Social Enterprises

Social enterprises trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. And so when they profit, society profits. We are keen to offer opportunities to Social Enterprises on Hub projects wherever possible, and on our two Edinburgh sites, our contractor has awarded the cleaning contract for site offices to a social enterprise – Apex Scotland. This Social Enterprise works with offenders, ex-offenders and those at risk to give them the necessary skills to change their behaviour and lead fulfilling lives.



“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 contracts like on these Hub South East projects, allow us to offer more opportunities to those who need them.”

“John is an example of how this contract is making a difference. John needed support due to a history of depression and mental illness. He was short on confidence and apprehensive about returning to the work place but after a placement with us, followed by full time employment, support and training, he has overcome these barriers to become an effective, reliable and motivated member of the team. John is now key in the delivery of the Graham Construction contract for Allermuir Health Centre and the North West Edinburgh Partnership Centre.”

Patrick Nicol, Operations Manager, Apex Scotland



“We are delighted to see this exciting project progressing so well on site.

“Seeing the buildings taking shape makes it all seem very real for our patients and staff. These modern and purpose-built mental health facilities will open within the next year and, having been shaped with the views of our patients, will allow our staff to continue to provide safe, effective acute care and rehabilitation.”

Tim Davison, Chief Executive, NHS Lothian

ROYAL EDINBURGH CAMPUS



Our biggest project under construction to date is taking shape and by the end of the year should be handed over to NHS Lothian – the first phase of the Royal Edinburgh Campus.

This phase includes new accommodation for the adult acute mental health inpatient service, older people's mental health assessment, Intensive Psychiatric Care Service and the new Robert Fergusson national brain injury unit.

The entire campus is being undertaken in phased stages and, as you can see on Page 38, whilst construction on Phase One is nearing completion, we are already developing Phase 2.

A key milestone during construction this year, was marked by a visit by Shona Robison MSP, Health Minister. Whilst on site, the Minister helped two apprentices lay a brick to commemorate the 'topping out' – reaching the highest point in the construction of the building.

The Depute First Minister, John Swinney MSP, also visited the site this year, as he chose it as the location for a budget announcement. He too met some apprentices benefiting from the opportunities of work and training on this Hub project, as he toured the new Robert Fergusson national brain injuries unit.



PARTNERSHIP AWARDS FINALIST

The Partnership Awards recognise and reward the best in Public Private Partnerships across the UK and beyond. We are proud that the Royal Edinburgh Campus was a finalist in the Best Healthcare Project category this year. In addition to this, Hub South East nominated NHS Lothian for Procurer of the Year in relation to the project and this too made the final shortlist.

Although none of these won their category, judges' feedback was very positive, noting that the project is an example of a "real partnership" and that it demonstrated "successful partnerships delivering value for money".



Projects : In Development



In partnership with Participants, Hubco is currently developing 4 qualifying projects, worth £215m.

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



West Calder High School, West Lothian - Architect Image

QUALIFYING PROJECT IN DEVELOPMENT	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR
West Calder High School	New high school campus	West Lothian Council	£31.7m	Design, Build, Finance and Maintain	Morrison Construction
East Lothian Community Hospital	New community hospital	NHS Lothian	£68.9m	Design, Build, Finance and Maintain	Morrison Construction
Royal Edinburgh Campus - Phase 2	Second phase of wider Campus redevelopment	NHS Lothian	£96m	Design, Build, Finance and Maintain	Morrison Construction
Wallyford Primary School	New Primary School	East Lothian Council	£18.6m	Design and Build	Morrison Construction

WEST CALDER HIGH SCHOOL



After having worked with West Lothian Council on various options for West Calder High School, including refurbishment of the current school, it was decided that the preferred option was a new build high school on a new site.

Planning permission has now been approved for this brand new 1,100 capacity secondary school, which will include a swimming pool, floodlit 3G sports pitch, and sports facilities for school and community use. This new school will be the Council's largest ever investment in education.

We should reach Financial Close on the project and start on site before the end of 2016.

"The modern, high-quality school will be a fantastic resource for local young people, providing an ideal learning environment for them to achieve their full potential. This investment will help ensure that West Lothian continues to have one of the best school estates in Scotland.

"The construction work phase will also provide valuable training and job opportunities for local residents. At its peak, 70-100 people will be employed on site, with up to an additional 10 full-time positions being created. The project is also targeting up to three new apprenticeships, with up to 30 apprentices expected to be involved in the delivery of the new school.

Councillor Lawrence Fitzpatrick, Executive Councillor for Education, West Lothian Council

ROYAL EDINBURGH CAMPUS – PHASE 2



We are due to complete the first phase of the Royal Edinburgh Campus for NHS Lothian by the end of 2016 (see P35) but in tandem we have been working on the second phase of redevelopment. Phase 2 should reach Financial Close and begin on site early next year.

Phase 2 – our largest value project at £96m - 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.

MacKinnon House will be completely transformed for new clinical use and will be the heart of the campus, including core outpatient facilities for mental health and rehabilitation services, support services, and a social hub with café and base for third sector volunteers. The development is being designed to ensure a flexible solution for NHS Lothian's future requirements, ensuring better integration of previously siloed departments.

As we progress through Phase 2, our excellent working relationship with NHS Lothian allows us to overcome the major design and briefing challenges of the project as NHS Lothian consolidates three sites into one campus, with different models of care being aligned. Current site use is predominantly mental health services, but future uses and clinical services will expand and we are assisting our Participant with clinical capacity planning studies, projecting future demands for the next 30 years, plus addressing changes in future demographics.

We continue to develop a phasing strategy which allows the services currently on site to be retained throughout the build. In Phase one, all milestones were met or improved upon; Phase 2 is progressing well and **we have managed to accommodate changes to the Masterplan and phasing strategy without impacting on process and timescales on Phase one/two.**

“Real partnership working has been demonstrated on the Royal Edinburgh Campus project, with the early involvement of Hubco 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.”

“As a complex phased redevelopment involving a number of services, the combined experience and input of both public and private partners on this project has been extremely beneficial and will result in a facility that delivers real benefits for patients, staff and the wider community.”

“The success of this relationship has given NHS Lothian the confidence to explore further opportunities through Hubco and we are already adopting best practice from REC Phase One on future joint projects.”

Andrew Milne, Programme Director, NHS Lothian



EAST LoTHIAN COMMUNITY HOSPITAL



This project to deliver a £69m community hospital in Haddington for NHS Lothian and the East Lothian Health and Social Care Partnership is progressing well.

After developing an initial agreement for the development which was **commended by the Scottish Government Health Directorate as being an exemplar model for future Initial Agreements**, we have been involved in extensive consultation with staff, patients and local people and have now received planning permission.

The development will bring more services back to the county which are currently provided for in Edinburgh. It will have a total of 132 beds, including an additional 58 inpatient beds. It will be built on the site of the existing Roodlands Hospital. As well as three general wards, one has been allocated for orthopaedic rehabilitation, one for continuing care and another for mental health.

The Scottish Government has agreed to allow us to submit a combined Outline and Full Business Case. By the time this report is published, this should be submitted and waiting on approval, hopefully allowing us to reach Financial Close in the autumn and start on site soon after.

PROJECT EFFICIENCIES East Lothian Community Hospital

 **£2.9m
saving**

LOCAL DESIGNER HELPING SHAPE NEW HOSPITAL



Helen Wood, an Associate with Keppie Design - the architects we appointed to the project – has worked on many health facilities in her career but she is particularly enjoying her role in the development of her home town's new hospital.

Helen lives in East Lothian and her parents still live in Haddington, where the new community hospital will be located. She is now on maternity leave and admitted before she left that it would difficult to leave as she has put so much of herself into the project.

"This is certainly a little bit closer to my heart than any other project I have done. It is my home town and there is a certain legacy associated with it."

"We've consulted extensively with staff, patients and local groups and absolutely fundamental to the hospital is internal spaces and designing from the inside out so the patient is the focus of all our design decisions. By doing things like introducing really big windows, connecting to nature and bringing lots of natural daylight in it should make it far more pleasant and help people get better quicker and does everything we want it to."

"I'm incredibly proud to be playing my part in this project, particularly as I know the benefits it will bring and how much it will mean to the local community."

"It is difficult to let go and I'll certainly be keeping an eye on the progress of the project. After all the hard work that's gone into it, I can't wait to see the construction start and then it'll all be worth it when, hopefully, people are happy with the outcome."

Helen Wood, Keppie Design



Conceptual ideas for the new Leith Community Partnership Centre, Edinburgh

Strategic Support Services



Hubco is currently providing Strategic Support Services to Participants on projects with a potential value of circa £120m.



As we continue in our efforts to become our Participants’ development partner of choice, an ever increasingly important service offering from Hubco is Strategic Support Services.

A true development partner goes beyond the construction of facilities, offering support, advice and expertise before the necessity for a new building is even agreed. This is where Hub South East can add true value.

Some of our major projects which are now in development or construction, such as the Royal Edinburgh Campus, West Calder High School and the East Lothian Community Hospital, began with a Strategic Support Service commission.

Early involvement through Strategic Support allows us to assist with masterplanning, visioning and shaping service delivery. This enables our Participants to develop projects at a strategic level, where key elements can be de-risked before committing financial resources to an entire project.

We are currently providing Strategic Support on a range of projects, from new health facilities for NHS Lothian as part of a Primary Care Framework, to the new South Queensferry High School in Edinburgh.

Facilitating collaboration between the NHS and local authorities in the South East Territory is ever more important as the new Integrated Joint Boards are now set up and we look forward to working with them over the coming year to support their strategic aims and objectives of integration.

A key project this year which has been the focus of our Strategic Support Services offering is the ongoing development of the Leith Community Partnership Service Hub.

Leith Community Partnership Service Hub

In last year’s report we told you how we have a member of the Hub team – Stephen Oswald, Development Manager – seconded into the City of Edinburgh Council. As part of his work on locality studies in various areas across the city, he was tasked with helping identify collaborative opportunities and define, in particular, how public agency estate resources can be best deployed to improve service outcomes and make efficiency savings.

In the Leith area, a large surplus (Council owned) site capable of accommodating a new development for a broad spectrum of services and facilitating a joint property rationalisation process was identified.

Stephen continues to work on this and updates us on the project:

“Over the last year I have continued to facilitate a working group with representatives from the Council, NHS Lothian, Police Scotland and the third sector. The concept of this project – an integrated facility which supports multi-agency joint working – is still enthusing our Participants and wider groups with its potential.

“At the end of 2015 we were given full City of Edinburgh Council committee approval for the concept and for a viability study to be undertaken. **The benefit of the Hub process in this we have been unable to unlock enabling funds through the Territory Partnering Board to further investigate this potential.**

“The viability study was to test if a new Community Partnership Service Hub could be developed against the potential cost efficiencies created by a more integrated service model together with a more rationalised public sector estate.

“The working group has informed this study, together with a Project Team involving over 10 Participant professionals supported by Hubco. In addition the Council’s Estate team provide surplus potential site valuations with the in house Finance team providing financial modelling. Progress was overseen by a Project Board with Participant, Hubco and Territory Partnering Board members – a truly open and collaborative piece of work.

“The study, now presented to the Board and the Edinburgh Partnership, confirmed the viability of the project based on the assumed service efficiencies created by a more integrated service model, together with a more rationalised public sector estate.

“Whilst there is broad support for the concept of the project, there are still affordability challenges and more work around resolving these issues is required before the recommendations can be implemented. Work continues and an Initial Agreement document is currently being prepared for NHS Lothian and the Integrated Joint Board.

“Positively, in tandem with the viability study, committee approval was also given for grant funding to be made available and negotiations are underway to acquire the sites adjacent to the former Leith depot site. If successful this would create the potential for a significant regenerative mixed development for Leith with operational synergies and possibly commercial subsidy for the Community Partnership Service Hub.

“The thinking and partnership working on this project represents an approach that could be adapted and applied throughout the Territory and beyond. **It really is an exciting concept, full of collaborative potential and real integration and I’m proud that Hubco is at the heart of driving it - as a true development partner should be.**”

“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. Their approach has ensured that employees, citizens and communities are at the heart of the design process, which has led to the delivery of well designed assets, which are proving to be of real benefit.

“The recently developed proposals regarding the Leith Community Partnership Service Hub are a prime example of this work. The innovation and ambition deployed in the early stages of this project has led to many community planning partners, including the Council, committing to assessing the feasibility of longer term development. What is particularly impressive about the work to date is the wide range of partners involved, and the range of potential public sector and community benefits that could be realised from the project.

“The Council and the Edinburgh Partnership remain committed to continue working with Hub South East as a key feature of community planning work in the City.”

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



Participants and Supply Chain attending an Innovation Workshop

Performance



Overall, Hubco's performance remains 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 the Territory Partnering Board is satisfied with the performance of Hubco over the last year.

A detailed report and supporting information, setting out Hubco's performance against the suite of Key Performance Indicators in the Territory Delivery Plan, is available on our website: www.hubsoutheastscotland.co.uk/about/our-annual-review

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

Partnering

We are keen to continuously improve and rely on feedback from Participants to help us make our services better and more responsive to their needs. We do this on a regular basis during projects, and of course through our Innovation Programme (see P52) but annually we also formally assess this.

Each year we carry out a survey of Participants to gauge their satisfaction with a range of issues. In 2015/16 we interviewed 9 out of our 10 participants plus SFT's TPB representative. One survey was unable to be completed due to scheduling difficulties but feedback will still be sought outwith the KPI process.

This year, Hubco has a pass rate of 80% and has therefore met this KPI.

All comments made by Participants were captured and will be reviewed at our Team Strategy Day in September to ensure that we are learning lessons and making improvements – both from the positive feedback and constructive comments.

Whilst it was agreed with the TPB to set aside the KPI relating to surveying Community Planning Partnerships (CPPs), it should be noted that there has been some engagement this year with CPPs. Importantly, there is recognition that Integrated Joint Boards will be increasingly important to our Partnership, so we have begun engaging with these Boards too. Fostering a good relationship with key contacts on these Boards will be essential in allowing us to assist our public sector partners in their efforts to deliver their strategic aims in relation to health and social care integration.



Community Engagement

On all Hubco projects there is community engagement, with plans in place to allow us to assist our Participants with active engagement with the local community. As well as ensuring a co-ordinated approach to local publicity and keeping neighbours informed about the projects in their area through community newsletters, our Tier 1 Contractors try to ensure that our construction sites can be used to provide active learning opportunities. This is particularly true of the school projects we work on. From competitions and catwalk shows, to answering pupils' questions on construction, or facilitating learning alongside archaeological digs - we want our service users to feel involved in the process.

In addition to this, our Tier 1 Contractors get involved in local groups, as well as sponsoring community activities – all demonstrating that Hubco projects can provide benefits beyond the construction of the facilities themselves.

Both Morrison and GRAHAM Construction have donated this year to a number of good causes, some of which include:

- Donating £500 to the Wardie Primary School, part of Rising Rolls Phase 3, for the development of their 'Sunshine Room'.
- Sponsoring the auction of a chocolate train, made to raise money for Cash for Kids as part of the Borders Railway project, linked to the Galashiels Transport Interchange.

- Donating raffle prizes to a Scot's night and Christmas event at Windygoul Primary School.
- Donating £500 to Oxgangs Primary School, near the Allermuir Health Centre project, for a new football kit.
- Donating £500 to Blackburn Gala Day.
- Donating £500 to Spartans FC, near the North West Edinburgh Partnership Centre, for their summer Quest activity.
- Sponsoring East Lothian Council's staff awards - as well as the College Development Network Awards.
- Sponsoring, for the second year, local fireworks close to the Royal Edinburgh Campus.
- Gifting Christmas goodie bags to all children in Windygoul Primary.
- Sponsoring a book developed by the James Gillespie's Trust - Hub South East, Morrison Construction and Galliford Try Investments have together given £7,500. The launch of this will follow the official opening in October and it will be a historical look at how the campus has developed over the years.
- Donating two timber sheds to James Gillespie's Primary School.
- Donating more than £350 worth of PPE to support a High School trip to Romania.

Hub South East also joined in the World's Biggest Coffee Morning to raise money for Macmillan Cancer Care this year. We raised more than £270 for this very worthy charity.



In last year's report we told you about our first of our bi-annual charity events, raising more than £15,000 for the Grassmarket Community Project (GCP) at a Golf Day. Our supply chain came together to support the Project as they operate a community café, woodwork and tartan social enterprises, as well as a range of social integration and educational activities for members, aimed at enhancing life skills and developing confidence.



We were inspired by the charity's work in supporting vulnerable people through social enterprise and it has been great to follow their success and know that we contributed, in however small a way, to their ongoing activities. We are continuing to build relationships with the Project, using their facilities for events (such as our team Strategy Away Day) and encouraging our contractors and Participants to use their social enterprises such as woodwork (Foxcovert Early Years Centre commissioned nursery furniture from GCP – pictured above), wherever possible.

"Hub South East's donation has already had a huge impact on the lives of many of Edinburgh's most vulnerable. It has enabled us to provide a seven day a week programme, ensure people's basic needs are met and make it possible to support long term unemployed adults with a range of disabilities into full time work or training. Without the support of organisations like the Hub South East we simply cannot continue to be a needs led charity, where we can make the journey alongside our members, ensuring their long term and immediate needs are met."



Jonny Kinross, Chief Executive, Grassmarket Community Project



Supporting SMEs

We remain committed to ensuring that local businesses benefit from Hub projects being delivered in their area. This year, on completed projects, **89% of construction work packages were awarded to Scottish SMEs.**

This year our contractors have continued to build networks across the country and have participated in events such as the national Supplier Development Scotland's Meet the Buyer Event.

At the time of writing, our contractor on the East Lothian Community Hospital project, Morrison Construction, is organising a meet the Buyer Event so that local people in East Lothian can find out about the work packages on offer. Previous events, like these have been successful in attracting local businesses and also offering local individuals opportunities on site.

We are always looking for ways to get local businesses involved, and even if that's offering local catering businesses the chance to supply food to the site team, such as in the Kelso High School project, however small, these opportunities are important in reinvesting locally.

We are also keen to use Supported Businesses wherever possible. You can see on P31 how we are doing this through site cleaning services on the Lothian Bundle project.

Sustainability

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

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

Where the Participant specifies that environmental assessments such as BREEAM are targeted, we ensure that the facilities we deliver, comply with these.

Value for Money

Again, 100% of Qualifying Projects have been successfully handed over to Participants within their affordability Cap.

Clearly it is important that we are delivering our projects within the agreed budget as our capped project cost is one of the key drivers for public sector bodies in using Hubco. But more than this, we can now provide demonstrable evidence of how we are providing value for money at other stages of the process and how, through our strong partnership with the supply chain and our Participants, we are able to negotiate positions, take commercial decisions and further drive down costs.

As we now have a range of examples of this, we have dedicated a section of the annual report solely to Value for Money. You can see this on P54.

Health and Safety

With an accident frequency rate of well below the threshold of 0.4, our two Tier 1 Construction Contractors continue to maintain an excellent safety record.

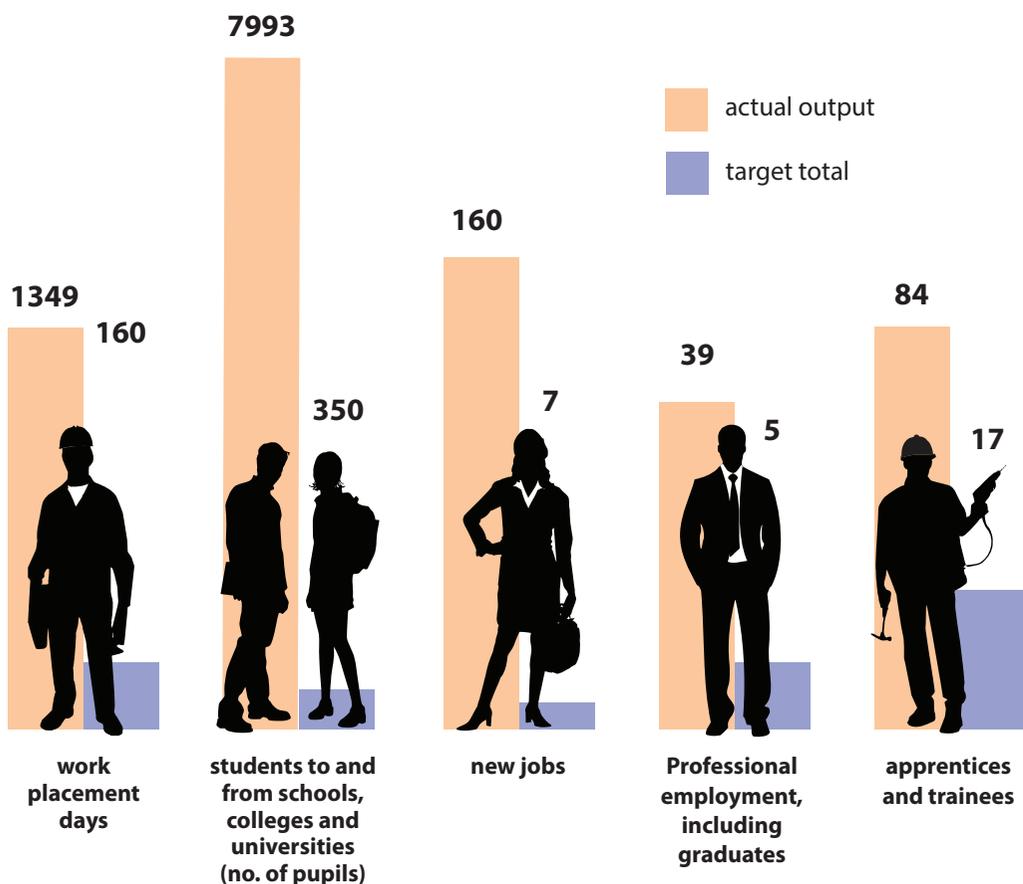
This year, as with previous years, no reportable incidents have occurred on any Hub South East sites and no HSE enforcement notices have been received.

Health and Safety is reported on regularly to our Board and is something we take very seriously. Both our Tier 1 Construction Contractors continue to learn lessons and share best practice in this area and ensure that this filters down the supply chain.

Community Benefit

Delivering benefits in addition to the bricks and mortar of a project is key to the Hub initiative's ongoing success and **again this year we are proud to be delivering and in many cases, outperforming in this area.**

Across completed projects in 2015/16, we have again exceeded what we set out to achieve:



Notably, we have delivered more than eight times the number of days work placements we targeted, as well as more than 20 times the number of new jobs. A record number of pupils benefited from visits, from safety talks in schools to actual site visits, and almost five times the number of new and existing apprenticeships and trainee places were supported.

“The whole event has been really worthwhile - many, many thanks again for offering this to my pupils. Everyone who attended has really enjoyed themselves and came back to school enthusiastic and motivated.”

Karen Kane, St Kentigern's Academy Transition to Work Coordinating Teacher (following work experience workshops at Rosemount Gardens for 20 pupils aged 15-17)

“The summer placement has so far been excellent, as it has given me hands on experience. Likewise, it has given me an opportunity to use the knowledge I have gathered through Uni into real life situations.”

Trainee Quantity Surveyor working on the Newbattle Centre project



In Hub South East, we decided to practice what we preach this year and when we were recruiting for a new office assistant recently, we offered the position as an apprenticeship. We now have Rianna Chalmers with us working towards her apprenticeship in business administration.



“After leaving school, I wanted to work rather than study full time, but I was keen to find something where I could learn on the job. An apprenticeship was the ideal solution for me and I was excited to get a job as an Admin Assistant for Hub South East.

I’m based in the main reception and have a lot of core admin duties, which I’m enjoying, but I am also being given the chance to develop in areas I’m interested in. I chose to study towards my level 3 Apprenticeship in Business Administration, so it’s a bit more challenging. The Hub team is offering me ways of meeting my

module outcomes by getting involved in various projects, rather than just meeting basic tasks like answering the telephone and processing mail. This is great as it will be good experience for me and I can show what I’m capable of.

It’s a great team to work with and I’ve already been shadowing team members, finding out more about the business and the wider industry. This is a fantastic opportunity for me to gain qualifications whilst earning and I’m looking forward to the journey ahead.”

Rianna Chalmers, 17, Business Administration Apprentice, Hub South East.

Supply Chain

With an award winning supply chain consisting of two Tier 1 Construction Contractors, in addition to 68 other organisations, including 21 architects, 11 mechanical and electrical engineers and 9 civil/structural engineers, we have a wealth of experience to provide support on Participants’ projects.

All except two of the 70 supply chain partners have signed up to the Hubco Supply Chain Charter, ensuring they are working to the same guiding principles in the delivery of projects and how we work in partnership to implement the Strategic Delivery Plan.

We are committed to ensuring that our supply chain is fit for purpose and as such we regularly review this. Our strong and developing relationships with our supply chain members are fundamental to our continued success and growth as a key Development Partner for the public sector and, **in recognition of the potential future opportunities that we see ahead, we are now expanding our supply chain by appointing a third Tier 1 Construction Contractor.**

At the time of writing we have advertised the notice and are waiting on submissions to be returned from prospective contractors. We will then go through a thorough process of analysis and interviews to determine the most suitable contractor. We hope that this process will be complete and the third Tier 1 appointed before the end of the year, complementing our existing capacity to be able to deliver quality community infrastructure for our Participants.

Quality

The bread and butter of our business is delivering quality, modern community facilities. It is therefore imperative that the buildings we hand over to Participants are of a high standard and that in the areas of design, construction, management and compliance in relation to quality, we are meeting our targets. **Again, this year we have met all the necessary quality targets.**

We have robust monitoring in place in relation to quality management issues, but as with many construction projects, we can at times experience issues. What is important is that we work closely with our supply chain to ensure that solutions are found and best practice is shared for future projects.

Construction quality has been a prominent issue for the construction industry this year. In light of events out-with the Hub initiative in relation to Edinburgh schools, Hubco and our two construction contractors presented to the TPB on how we manage quality in construction and this was well received. As a follow up, additional assurances have also been sought from our Tier 1 contractors so that we can be sure of the continuing robustness of construction quality on all Hub projects in the South East territory.

One indicator of the satisfaction with quality is user feedback and we are not short of positive responses from service users on their new facilities. This can be seen throughout completed projects, with the head teacher at James Gillespie's High School praising the Malala building saying that after a year in the new facility ***"all who have visited have loved the spaciousness and light filled rooms now enjoyed by pupils and staff"*** and that it is an ***"incredible campus that elevates the environment for learning in the 21 century to spectacular new heights."*** Another example is the feedback on the new build at Rosemount Gardens, with June Murphy, Assisted Living Co-ordinator, saying: ***"The new building is fantastic! Staff and residents absolutely love it. It's been well designed – there's a lot of space and so many different modern features and facilities but it's still homely."***



Hub South East won its first industry award this year at the Scottish Property Awards for the Galashiels Transport Interchange project, delivered in partnership with Scottish Borders Council. Receiving the title of 'Best Town Centre Regeneration Project', its quality of design, community engagement and economic impact on the area were all features of the winning submission.

As well as this, we were shortlisted in the final of the PPP Awards for the Royal Edinburgh Campus. You can read more about this on P33.

Programme

Hubco's improved governance and management arrangements this year have led to a more robust approach to managing projects during the development period.

The average three year rolling slippage in the development programme has been reduced from 10.9% to 3.5% and maximum slippage against agreed Stage 1 and Stage 2 for the 12 projects taken through development this year is three days.

In relation to construction programme, 100% of completed projects this year were delivered within 5% of their agreed completion dates, with the majority being completed on or ahead of schedule.

The delivery of complex community infrastructure projects can be challenging and various factors can contribute to delay in projects, whether in the development stage, or during construction. Our strength is in working with our Participants and the supply chain, to minimise the risk of potential delay. Testament to this is our strong track record over the last six years, with the majority of our 40 delivered facilities handed over on or ahead of schedule.



Innovation Programme



Whilst we are incredibly proud of the successes we have achieved in Hub South East, if we're to become the development partner of choice for our public sector Participants, we recognise that we can't be complacent and we know that there is plenty of scope to be doing things better.

We've listened to what our partners have said about how things could be improved and we are implementing a range of actions which will allow us to be more responsive, efficient and best placed to make the most of future opportunities.

In recognising that encouraging increased joint working and innovation is key to the future success of the Hub initiative, we are championing a formal **Innovation Programme** to allow us to collaboratively explore ideas for delivering better value for money and reducing the time taken to develop projects through Hubco.

"Many thanks for the opportunity to participate in what was genuinely a thought provoking afternoon."

"It is marvellous that you are doing something so positive about addressing the challenges that face you in developing your territory horizons."

Alex Donaldson, Director, Scott Brownrigg

Our Innovation Programme began with a facilitated Launch in November between Hubco, our public sector Participants and our supply chain. The event was well attended, with more than 60 people sharing their ideas about innovative practice and exploring how we can all support this, as well as shaping the subsequent programme of events and future Innovation workshops for 2016.

Various topics were agreed at our Launch workshop and these were bundled into the following key work themes:

- **Simplifying the process** – ensuring Hubco documents better support Participants' governance and that Hubco takes a more holistic approach to measuring success.
- **How and where we work** - sharing resource, building trust and retention of expertise.
- **Understanding the task** – future proofing, better appreciation of the values and drivers / "culture" of the project.
- **Openness and information sharing** – improving lines of communication, better sharing of asset management information, greater flexibility and better collaboration.
- **Promoting design and technical innovation** – Ensuring that maximum benefit is obtained through design innovation and the adoption of new technology.

An Innovation Programme Steering Group, which has representation from Hubco Board, SFT, TPB, Participants and our supply chain, was established in early 2016. The Steering Group provides an overview on workshop topics and can assist if resources are needed. This group reviews outputs from the various Innovation Programme workshops, approves actions or refers on to the TPB.

Over May, June and July of this year all of the innovation working groups had well attended and productive meetings. Three additional innovation workshops with Third Sector organisations, SFT and legal teams also took place. Consistent themes have emerged with several creative and constructive suggestions already put forward and implemented (see left).

“I really enjoyed the insight provided at the workshop from various parties and the key themes that emerged.”

Frank Boyle, Business Development Manager, Construction Scotland Innovation Centre

Ideas so far have ranged from simply improving what Hub already does well, to more radical new ways of working. However, **everything discussed has been based on taking a positive long term view** and delivering what individual Participants actually need, whilst appreciating priorities change and resources are increasingly limited.

The general consensus is that **Hub has delivered value but that it must continue to evolve its processes and structures to ensure its ongoing success**. A strong theme across several groups has been that the appropriate apportionment of risk and a commitment to work as a “single project team” are regarded as essential to build understanding, trust and deliver best value. Practical ways of promoting this involve working more closely through collocation of project teams and secondments. Overall there is general recognition that all those involved need to move further towards a true “partnership culture” to support innovation and collectively help to realise the full potential of Hubco.

Our Innovation Programme is now an embedded part of the Hubco process and summary progress reports on ongoing activities will be produced for each TPB meeting.

Thank you to all those who are involved our Innovation Programme. We are encouraged by the enthusiasm and look forward to working together to make positive changes.

Innovation Outcomes:

We’re already putting into action a number of suggestions from our Innovation workshops. Just a few examples relating to the key work themes include:

- In relation to sharing resources, in the procurement of advisers for the new South Queensferry High School, we have appointed one joint CDM/Cost Adviser for both Hubco and the Participant. This should reduce duplication and generate cost savings for our Participants.
- In terms of simplifying the process, we have begun to develop standard templates for Authority Requirements and template Project Agreements, so that our Participants don’t have to start the process from scratch.
- In developing the West Calder High School project, we have been able to draw down experience from two previous schools to reduce the market testing process by around three months, allowing quicker Financial Close and thus earlier planned handover.
- We have taken unnecessary time off the procurement process for our Participants wherever possible. We saved months off the process through the use of a condensed Stage 1 and 2 on both Simpson and Pinewood Primary extensions, as well as on Prestonpans infant school, where we went straight to a Stage 2. In addition to this, we agreed with the Scottish Government to develop a combined Outline and Full Business Case for the East Lothian Community Hospital, reducing the development programme by six months.

You can see on the following pages how our innovative ways of working in Hub South East are resulting in tangible benefits to our Participants in terms of value for money savings.

“I think the workshops proved a valuable insight into the challenges encountered by each of the parties within the Hub process. As a result we now understand how the process must evolve to allow the Hub model to reach its full potential. This will require movement and co-operation from all parties but the end result could deliver a value to public sector procurement which has not been seen before.”

Maurice McCann, Project Manager, Midlothian Council

Added Value through Hub South East

With £119m projects successfully delivered, and almost £390m in construction or development, there is a significant amount of work going through Hub South East. Having a narrow supply chain and established working relationships with our partners in both the public and private sector, we are driving down costs and providing added value for our Participants. Here's just a selection of examples which evidence this:

£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.

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.

£2.9m

£3.4m

In all except one project this year, the Stage 2 price has been below the agreed affordability cap. This has resulted in an aggregate saving of c. **£3.4m**.

£600k

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**

7%

Compared to the SFT metric, we are delivering Kelso High 7% less per square metre – over the entire building this is a **£1.5m** difference.

£1.5m

£1.2m

On the second phase of the Royal Edinburgh Hospital, through a combination of FM savings over a 25 year period and a reduction in relation to the caps within the NPR, a **£1.2m** saving has been made.

£579k

There is a reduction of 11% on Stage 2 design fees on projects across the board this year, compared to the Stage 1 estimate, saving c. **£579k**

£2m

Compared to the SFT metric, we are delivering the Newbattle Centre 5% less per square metre – over the entire building this is a **£2m** difference.

By designing to BIM level 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**

£245k

£5m

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.





Simpson Primary School Pavillions, West Lothian

Results : Abstract of Accounts

The information opposite is extracted from the draft financial statements for the year to 31 March 2016.

The company expects to report a profit for the year amounting to £635,000. This will be the first annual profit in its history and reduces the net liability position to £433,000. The Directors do not recommend payment of a dividend in respect of the year.

A summary of the financial performance is as follows:

Profit & Loss Account	£000s
Turnover (development fees and payments related to D&B contracts)	33,563
Cost of Sales (Includes payments to D&B contractors)	(31,708)
Gross Profit	1,855
Admin Expenses	(1,170)
Net Interest Payable (mainly on Shareholders Working Capital Loans)	(50)
Profit for Period	635

Balance Sheet	£000s
Total Assets	3,874
Current Liabilities	(4,307)
Total Assets less current Liabilities	(433)
Long Term Liabilities	-
Net Liabilities (Note 1)	(433)

Note 1

The profit in the period has resulted in a reduction to the net liability position. Although this remains a negative Net Asset Position under a strict interpretation of the accounts, two key matters need to be considered. Firstly, £1,000,000 of the company's liabilities are owed to Shareholders under the terms of the working capital loans which should, in reality be considered quasi capital. Secondly, the repayment terms of these loans have been extended to a long-stop date of 31/03/17.

The Directors are satisfied with the financial position and outlook for the company.

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