

The Highland Council
Resources Committee – 18th February 2009

Agenda Item	
Report No	

The Scottish Government's hub Initiative
Report by Director of Housing and Property

Summary

This paper provides Members with information on the Scottish Government's hub Initiative and an update on the Council's involvement to date.

1. Background

- 1.1 **hub** "Building Better Local Services Together" is an initiative of the Scottish Government which is designed to enhance the delivery of local services and improve procurement of physical assets through strategic public/private sector partnering. Launched in 2006 by the Scottish Executive it has parallels with the NHS LIFT (Local Improvement Finance Trust) and BSF (Building Schools for the Future) programmes in England but it has its own distinct objectives and desired outcomes.
- 1.2 The Cabinet Secretary for Finance and Sustainable Growth announced on 20th May 2008 that the hub initiative was to be taken forward under the Scottish Futures Trust. He subsequently announced support for two pathfinder hub projects in the North and the South East of Scotland to provide purpose built premises for delivering better local services.

2. Objectives

- 2.1 The key objectives of the hub initiative are identified as:
1. To provide enhanced local services by increasing the scale of joint service working and integration between Community Planning Partners across Scotland;
 2. To deliver a sustained programme of investment into community based infrastructure and developments so that more and more services are provided locally in communities through multi-disciplinary teams working (wherever possible and appropriate) from single sites;
 3. To establish a more efficient and sustainable procurement methodology for public sector bodies including NHS Boards and Local Authorities that:

- reinforces joint strategic planning and delivery;
- is stable and long-term
- delivers better value for money than current procurement arrangements;
- is flexible in its ability to respond to evolving service strategies and in being able to deliver through different contractual/ funding routes; and
- is able to generate sufficient project size, volume and deal flow to attract private finance into the delivery and long-term management of service; and

4. To share learnings and improve the procurement process for both public sector procurement teams and their private sector partners.

3. Northern Territory

3.1 The Scottish Government is currently promoting and facilitating the establishment of 4 territorial groupings and has identified the Northern Territory as one of 2 “Pathfinder Territories”. The Northern Territory comprises public sector organisations in Highland, Moray, Aberdeenshire, Argyll and the Western and Northern Isles. The Pathfinder Territories are being asked to establish a local hub company to

- agree a constitution
- appoint office bearers
- appoint legal and financial advisers and
- prepare to procure a private sector partner

3.2 There have been 2 meetings of the Northern Territory organisations to date and a programme of meetings has been scheduled for 2009. The Highland Council has been represented at both meetings by Housing and Property officers and the next meeting will take place in Inverness on 27th February 2009.

4 hub Start up Funds

4.1 Revenue support of £1.4m per territory is available as follows

- Set up/ Procurement support of £500,000 per territory
- Public Sector recurrent/ scheme development £100,000 per annum per territory for 5 years
- Programme management £300,000 over 3 years per territory
- Organisational development activity £100,000 per territory

5. Letter of Intent

5.1 Participants have been encouraged to submit a “Letter of Intent” to participate in the hub. This was required to ensure that interested parties are included in the OJEU and to release 25% of the £1.4m revenue support to help administer the subsequent stages. In common with all of the organisations who have

participated to date we have submitted this letter in the knowledge that, at this stage, the letter makes no legal commitment and does not oblige the Council to use this procurement route at any time.

6. Project Pipeline

- 6.1 At this stage the Council has not identified any projects for procurement through hub but as this is intended to be a long term arrangement we may wish to use the hub at some point in the future. This procurement route could be particularly useful in joint procurement exercises with our public sector partners.

7. Recommendation

- 7.1 Members are asked to **Note** progress towards the establishment of a Northern hub company and that the Council is involved and has submitted of a Letter of Intent to participate.

Signature:

Designation: Director of Housing and Property

Date: 9 February 2009