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**ARGYLL & BUTE COUNCIL**

**CPP MANAGEMENT  
COMMITTEE**

**CUSTOMER SERVICES**

**2<sup>nd</sup> FEBRUARY 2011**

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**THE HUB INITIATIVE – NORTHERN TERRITORY UPDATE**

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**1. SUMMARY**

The purpose of this report is to provide the Management Committee with an update on the development of the Northern hub Territory.

The Committee will recall from earlier reports that the Northern Territory comprises a geographical area containing Argyll and Bute Council, Western Isles Council, Highland Council, Moray Council, Aberdeenshire Council, Aberdeen Council, together with Orkney and Shetland Isles Council. It also includes the operating areas for NHS Highland, NHS Western Isles, NHS Grampian, NHS Orkney and NHS Shetland.

The Northern Territory is shown highlighted in yellow on Appendix 1.

**2. RECOMMENDATION**

- 2.1 The Management Committee notes that the Argyll and Bute Council and NHS Highland have agreed to become formal participants in the Northern hub Territory.
- 2.2 The Management Committee acknowledges that Alba Community Partnerships (comprising Miller Corporate Holdings and Cyril Sweett Investments) has been selected as the preferred private sector development partner and will now work with all the Territory participants to establish the Northern hub Company.
- 2.3 The Management Committee notes the potential for future alternative property procurement options that will become available through the Northern hub Company.

**3. BACKGROUND**

- 3.1 Of the five Territories planned by the Scottish Government the Northern hub will be the second to be fully commissioned. Argyll and Bute Council is one of eighteen public sector organisations to have signed a Memorandum of Understanding as a precursor to full sign-up. A full list of the participating organisations is also shown on appendix 1.

- 3.2 The national hub model is a procurement vehicle to support a long term programme of investment in community infrastructure across Scotland for local authorities, NHS Boards and other public sector bodies. The hub structure encompasses both private project finance and traditionally funded developments from public funds.
- 3.3 The participants in each of the hub Territories will sign a collective strategic partnering agreement and will enter into a formal partnership with a private sector development partner to create and operate a hub Company for a period of 20 years.
- 3.4 The purpose of a hub Company is to procure property more efficiently with improved delivery times while demonstrating increased value for money. The key objectives of a hub Company are threefold:-
1. To achieve an increase in local joint service working and integration between community planning partners across council areas, resulting in better outcomes at the point of service.
  2. To deliver a sustained programme of investment into local joint services, infrastructure and developments so that more services are provided locally through multi-disciplinary teams working from single sites.
  3. The achievement of a more efficient and sustainable procurement methodology for public sector bodies including NHS Boards, local authorities and wider community planning partners (e.g. police, fire and rescue, voluntary sector, etc).

#### **4. CONCLUSION**

- 4.1 The Northern Territory hub Co. is a new partnership vehicle set up to provide an alternative method of procuring and perhaps funding community infrastructure and buildings. Any of the Territory Participants can chose to use the hub Co. for specific projects as they deem appropriate or in the case of Health Boards as they are legally committed to do, over the next 20 years.

It will not be obligatory for Argyll and Bute Council to use the hub Co. but if the hub Co. can clearly establish its efficiency and cost competitiveness in delivering the initial tranche of projects put forward by some of the other participants then this vehicle may provide a useful addition to the public sector procurement options currently available.

Future individual projects generated by Argyll and Bute Council will continue to be progressed through existing revenue and capital planning arrangements based on a business case approval process. A decision

of whether to proceed with a project under the banner of the hub Co. would follow on from a robust options appraisals process.

## **6. IMPLICATIONS**

<b>POLICY</b>	Corporate Plan/Asset Management Strat./Process for Change/SOA
<b>FINANCIAL</b>	Nominal shareholding stake
<b>PERSONNEL</b>	None
<b>EQUAL OPPORTUNITIES</b>	None
<b>LEGAL</b>	None

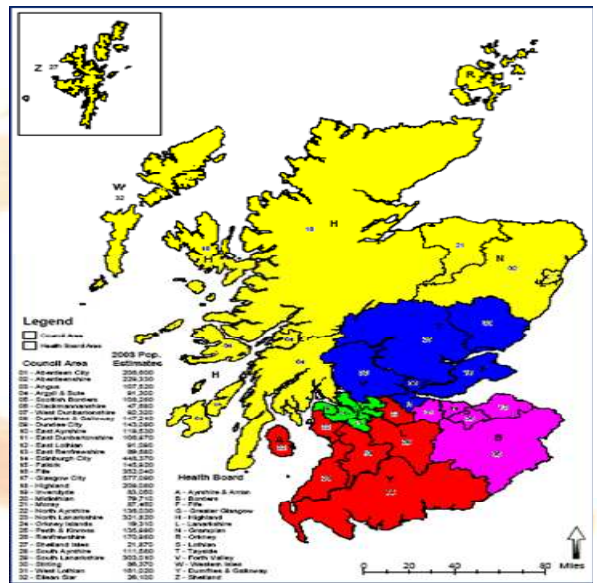
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## Appendix 1

### Proposed hub Territories

- Lothian & Borders
- Lanarkshire, Ayrshire & D and G
- Greater Glasgow
- Fife, Forth Valley and Tayside.
- Argyll, Grampian, Highland & Islands



- Aberdeen City Council;
- Aberdeenshire Council;
- Argyll and Bute Council;
- Comhairle nan Eilean Siar;
- Grampian Fire and Rescue Service;
- Grampian Police;
- Highland Council;
- HIFRS;
- Moray Council;
- NHS Grampian;
- NHS Highland;
- NHS Orkney;
- NHS Shetland;
- NHS Western Isles;
- Northern Constabulary;
- Orkney Island Council;
- Shetland Islands Council.
- Scottish Ambulance Service