BiGGAR Economics

Economic and Wellbeing Benefits of Lochaber Health and Social Care Redesign



A Report to NHS Highland

April 2026

Executive Summary

Replacing the Belford Hospital with a modern, fit-for-purpose new hospital would generate wide ranging benefits for patients, staff, the NHS and the local economy[1].

The Belford Hospital is at the end of its intended design life and NHS Highland intends to replace it with a modern, fit-for purpose new hospital. This would be a major investment that would:

- **reduce costs and travel time for patients,** by increasing the amount of care provided locally;
- **enhance the wellbeing of patients and staff,** by providing a physical environment more conducive to healing, a more supportive working environment and putting support in place to allow patients to return home sooner and maintain strong social relationships;
- **increase local economic activity,** through the expenditure of staff in local businesses and by making Lochaber a more attractive place to live, work and invest; and
- **cut NHS costs,** by reducing the cost of patient transport and enabling patients to go home sooner.

Within 10 years of completion, the new hospital could :

- **reduce travel related costs incurred by patients by £1.6 million/year (compared to the do minimum scenario)**
- **deliver wellbeing improvements worth £1.7 million/year**
- **generate £13.2 million GVA/year for the local economy.**

The current (discounted) value of this future stream of benefits over the 60 operational life of the new hospital could be up to:

- **£116.4m/year in reduced travel related costs for patients (compared to the do minimum scenario)**
- **Wellbeing improvements valued at £80.0 million**
- **£509.1 million GVA for the local economy.**

1. The local economy is defined as the area consisting of NHS Highland Lochaber District

Executive Summary

Additional rehabilitative care and an expanded range of surgical and outpatient services would generate the greatest benefits.

The value of benefits realised will depend on the future operating model chosen for the new hospital.

The greatest benefits would be realised by developing a new rural general hospital capable of providing additional rehabilitation services and an expanded range of surgical and outpatient services (option 4).



The additional future benefits associated with this model would include:

- **cost savings for patients and visitors with a present value of £68.4 million**
- **wellbeing benefits with a present value of £1.0 million**
- **economic benefits with a present value of £150.9 million GVA**

This suggests the return on investment from investing in enhanced capacity and additional services could be very high.

Contents

- **Project Background**
  - introduction, service delivery options, regional context
- **Methodology**
- **Impacts**
  - patient costs and foregone earnings
  - staff and patient wellbeing
  - local economic effects
  - NHS cost savings
- **Summary**
- **Appendix**



Project Background

A new model of health and social care delivery is proposed as part of the redevelopment of the Belford Hospital.



Study Background

The Belford has reached the end of its intended operational life and needs to be replaced.

- The Belford Hospital ("the Belford") is one of six Rural General Hospitals (RGHs) in Scotland and **the only hospital in Lochaber**
  - around 40 beds
  - 10,000 A&E attendances/year
  - 280 staff
- Opened in 1965, the Belford has reached the end of its intended design life and needs to be replaced.
  - five options are being considered for redevelopment.

BiGGAR Economics was commissioned to assess the benefits of the project for the local community in terms of economic and wellbeing.

This report presents the findings of that analysis. It goes beyond the traditional financial metrics used in NHS Scotland business cases and demonstrates some of the wider economic and wellbeing value generated from investment in remote and rural healthcare infrastructure.

Potential Service Delivery Options

Five potential options are being considered for replacing the Belford

1. Do Minimum	The Belford maintains existing service delivery model. Demand increases with demographic change, but lack of investment makes it increasingly difficult to maintain the same level of service.
2. RGH	This model provides a range of ambulatory and inpatient services in a new RGH environment, complemented by community-based services delivered locally.
3. RGH + rehab	Builds on option 2 but with enhanced focus on supporting patients' transition from hospital to home (or home like) setting. Services are designed to help patients return home more quickly.
4. RGH + rehab + elective	Builds on option 3 by increasing surgical and outpatient services in Lochaber, thereby reducing the need to travel to Raigmore.
5. Care Hub	The Belford becomes an ambulatory care centre that provides outpatient, minor injuries, and ambulatory care services. Acute inpatient services move to Raigmore or elsewhere.

Source: NHS Highland (2026), Lochaber redesign – SBAR for service model options. Note: under option 2 to 4, staff impact may exclude the impact of spending by local bank staff and locums. Note: some of these options have variations including Option 2a (a new hospital compared to option 2) and Option 4a (reduce the number of emergency and elective inpatients compared to option 4).

Providing Health Care in Lochaber

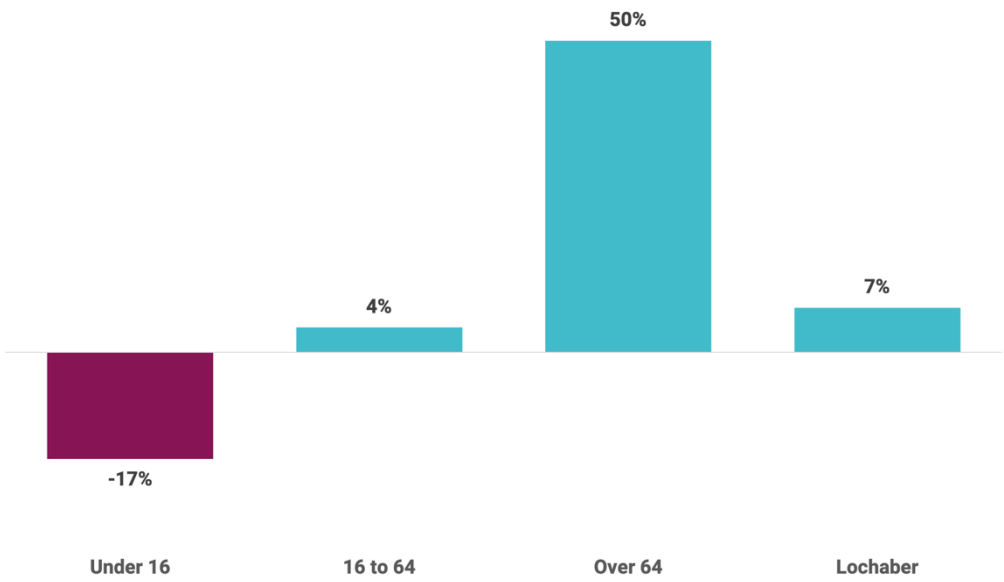
Providing health care in rural areas is difficult and expensive. Lochaber's demography and geography increases these challenges.

Since 2002, the population aged 64 and over **has increased by 50%**.

The likelihood of attending hospital increases with age. Those age 75 and over are **more than twice as likely*** to attend than other age groups.

NHS Lochaber is the **most sparsely populated health board in Scotland** with a population density of 10 people/km^2 compared to 71/km^2 elsewhere. This makes providing health care more difficult and expensive than other parts of Scotland.

Population Change in Lochaber: 2002 - 2022



*Source: National Records of Scotland (2024), Small area population estimates: mid-2022. *Rideout, A. et al. (2021).*

Methodology

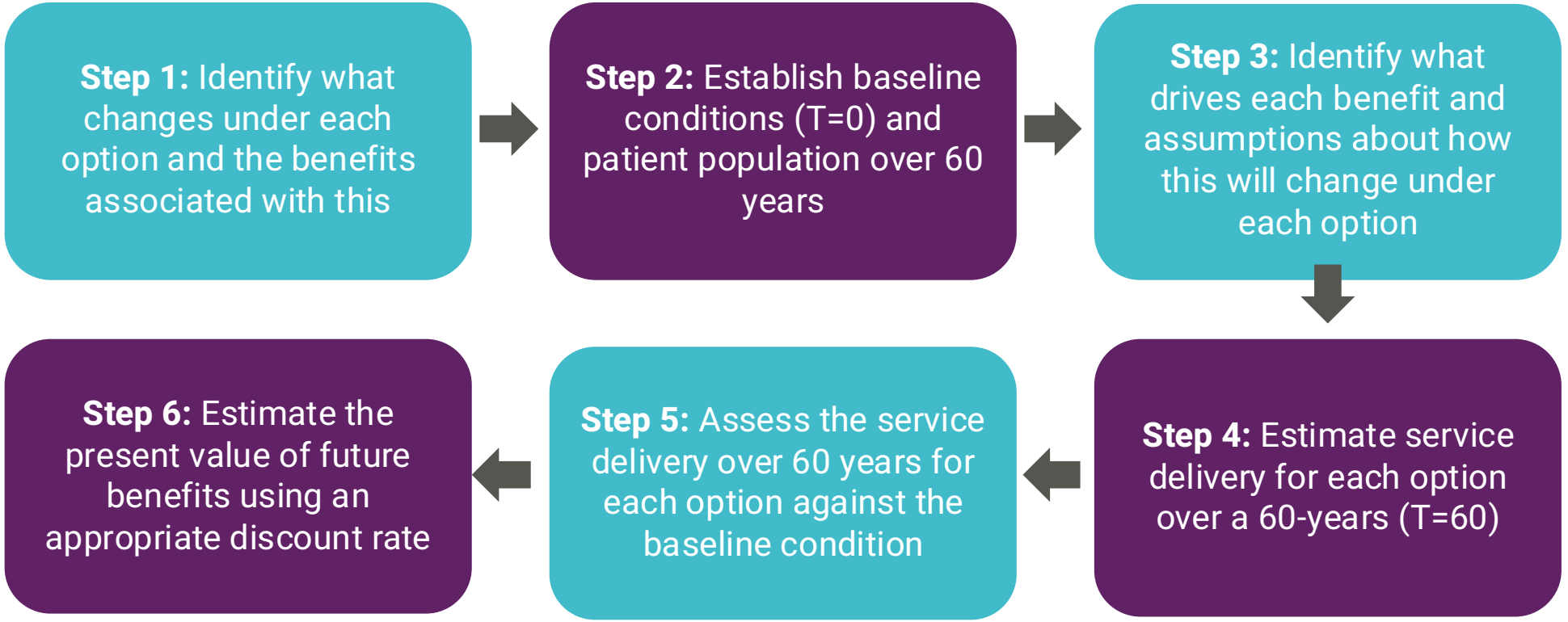
The approach to assessing the economic and wellbeing benefits of the different service delivery options.



Methodology

This assessment quantifies the economic and wellbeing impacts of five alternative service delivery options over 60-years.

Process for Assessing Economic and Wellbeing benefits



Methodology



Four types of benefit were identified and assessed using economic and wellbeing metrics

Types of benefits assessed:

- **Staff and Patient Wellbeing:** from improved facilities, patient visits and going home sooner.
- **Additional Costs and Foregone Income:** for patients and visitors travelling for treatment not currently available at Belford.
- **Local Economic Effects:** economic activity generated by construction and staff spending.
- **NHS Cost Savings:** from patients going home sooner and reduced travel costs (qualitative).

Additional costs and lost income are presented as the **monetary value to the recipient**.

Economic impacts are presented in terms of **Gross Value Added (GVA) and Employment (Jobs)**.

Wellbeing impacts were measured using Wellbeing-Adjusted Life Years (**WELLBYs**). A WELLBY is a one-point change in life satisfaction (on a 0–10 scale) per person, per year and is valued at **£15,958** in accordance with HM Treasury guidance.

Impacts relate to **Lochaber** and are presented as an **annual impact in Year 10** (T=10, i.e. representative of a typical year of operation) and a **present value (PV) after 60 years of operation** (a typical timescale for a new infrastructure development).

In line with HM Treasury Green Book guidance, and the Scottish Capital Investment Manual, the **discount rates** used were:

- **Economic impacts: 3.5% (years 0-30) and 3.0% (years 31-60).**
- **Wellbeing impacts: 1.5% (years 0-30) and 1.3% (years 31-60).**

Key Assumptions

Each option was assessed against the current baseline position.

Baseline Patient & Staff Numbers

The baseline for each option was based on information provided by NHS Highland. The baseline for the main drivers of each impact were as follows:

- **Outpatients (Belford): 15,953 appointments**
- **Inpatients (emergencies): 1,596 patients**
- **Inpatients (elective): 476 patients**
- **Number of employees: 598** (hospital and community staff)

Over the 60 years of operation, it was assumed that the **general patient population would increase by 1%[1] each year**, and the **number of staff by 0.1% each year**.

The average length of stay for inpatients at the Belford is 1.2 days for elective patients, and 5 days for emergency patients.

Note: Increase in patient population is expected to be driven by an increasingly older population, which has had an annual compound growth rate of 1.9% over the past 20 years (ages 65 and over). See Public Health Scotland (2026), Data Zone (2011) Population Estimates.

Scenario Specific Assumptions

The core assumptions underlying each scenario were :

- **Do Minimum: Hospital fabric continues to deteriorate; inpatient numbers fall by 50% and outpatient numbers remain constant.**
- **Core RGH Model: Hospital fulfils all demand over the next 60 years, and outpatient numbers increase.**
- **RGH + rehab: As core, plus 10% of patients can return home sooner with more independence.**
- **RGH + rehab + elective: As core + rehab, plus a 25% increase in elective surgeries each year**
- **Ambulatory Care: The Belford no longer treats inpatients but minor injury and emergency care facilities are retained along with some outpatients.**

Foregone Earnings and Additional Costs



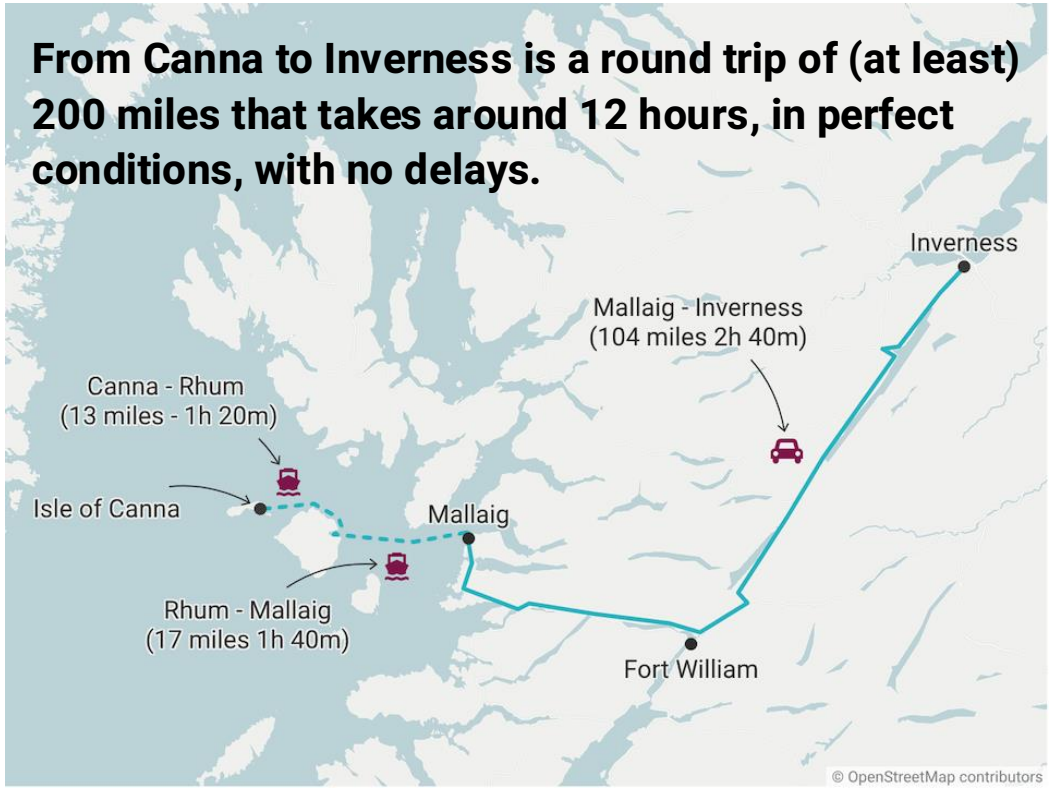
Spending time in hospital, whether as a patient or a visitor, often means taking time off work and lost earnings. Travelling for treatment or to visit patients also implies additional costs.

The Journey to Raigmore

For many people in Lochaber a trip to hospital is already a major logistical exercise. Moving services to Inverness could make this even more arduous.

- Travelling in Locaber is not easy.
  - Roads are narrow and dangerous[1], the terrain is difficult, public transport is limited and delays are frequent.
- Many people already make long journeys to the Belford.
  - Only around half the population of Lochaber live in or near Fort William. The rest live in small, geographically isolated communities even further from Inverness.
- A return trip to Raigmore would add *at least* **3.5 hours** to an already difficult journey.
  - Adding to patient costs and increasing stress levels.

1. Bonnar Accident Law (2021), Most Dangerous Roads in Scotland: Risk Guide [Accessed online: 24 February 2026]



Foregone Earnings and Additional Costs

Spending time in hospital often means taking time off work. Time off means lost income, and the further people need to travel, the more it will cost them.

What Would Change?

If the range or volume of patient services provided at the Belford changes this will affect how far patients need to travel, how much it costs them to get there and how much time they need to take off work.

It will also change how much time anyone accompanying them to hospital needs to take off work.

Travelling a long way to hospital is stressful so, patients who need to travel further will also be more likely to bring someone with them, implying even more time off work and more foregone earnings for their companions.

Do Minimum	The range of services available declines as the building continues to deteriorate and more patients are forced to travel to Raigmore.
Rural General Hospital	The number of patients treated at the Belford increases to meet demand, reducing the need for patients to travel to Raigmore falls.
RGH + rehab	The number of patients treated at the Belford increases to meet demand, reducing the need for patients to travel to Raigmore falls.
RGH + rehab + elective	The number of patients treated at the Belford increases to meet demand and more patients get elective surgery, so the need for patient travel falls.
Care Hub	Inpatients are transferred to Raigmore, so the need for patient travel increases.

Note: due to data availability, quantifiable impacts were only possible for inpatients.

Elective Inpatients

	Number of patients travelling to Raigmore (T = 10)	Foregone Earnings T=10	PV
1	988 **negative** impact	£0.2m	£12.5m
2	605 **positive** impact	£0.1m	£7.8m
3	605 **positive** impact	£0.1m	£7.8m
4	81 **positive** impact	<£0.1m	£1.0m
5	988 **negative** impact	£0.2m	£12.7m

Source: Based on reduction in patient travel costs projected in initial agreement & current elective inpatient numbers by location





Key Drivers of Impact & Year 1 Assumptions: It was estimated that 737 (working age) elective inpatients currently go to Raigmore for treatment. This is expected to change as follows:

- **Do minimum (1): 0%** (plus all current Belford elective inpatients by Year 10)
- **Core RGH (2): - 25%**
- **RGH + Rehab (3): - 25%**
- **+ Elective (4): - 90%**
- **Ambulatory Care (5): + 23%** (all current Belford elective inpatients also treated at Raigmore)

The daily value of foregone earnings was estimated at £109 per patient.

Metric: Monetary value to patient of foregone earnings and travel costs.

Visitors

	Number of visitors to inpatients treated at Raigmore T=10	Foregone Earnings T=10	PV
1	6,031 **negative** impact	£1.5m	£114.4m
2	3,690 **positive** impact	£0.9m	£71.1m
3	3,690 **positive** impact	£0.9m	£71.1m
4	492 **positive** impact	£0.1m	£9.5m
5	6,031 **negative** impact	£1.5m	£116.2m

Source: Based on reduction in patient travel costs projected in initial agreement and current inpatient numbers by location.





Key Drivers of Impact & Year 1 Assumptions: It was estimated that inpatients (elective and emergency) treated at Raigmore collectively receive around 4,454 visitors per year. This would change based on the change in the number of patients being treated at each location, as outlined in the previous section.

Visitors to patients being treated in Raigmore will incur additional costs for travel, accommodation, meals and refreshments, and foregone earnings. Collectively, this was estimated to amount to an average of £210/visitor.

Metric: Monetary value to visitors of foregone earnings and additional costs associated with visiting.

Foregone Earnings and Additional Costs Summary

Scenarios	Elective Inpatients		Visitors		Total	
	£m T=10	PV	£m T=10	PV	**£m T=10**	**PV**
1. Do minimum	£0.2m	£12.5m	£1.5m	£260.0m	**£1.7m**	**£126.9m**
2. Core RGH	£0.1m	£7.8m	£0.9m	£161.6m	**£1.0m**	**£78.9m**
3. RGH + rehab	£0.1m	£7.8m	£0.9m	£161.6m	**£1.0m**	**£78.9m**
4. RGH + rehab + elective	<£0.1m	£1.0m	£0.1m	£21.6m	**£0.1m**	**£10.5m**
5. Ambulatory care	£0.2m	£12.7m	£1.5m	£264.2m	**£1.7m**	**£128.9m**

Staff and Patient Wellbeing



Changing the model used to deliver services at the Belford will affect patients experience of receiving care and staff experience of providing it. These changes could affect the wellbeing of staff and patients in different ways.

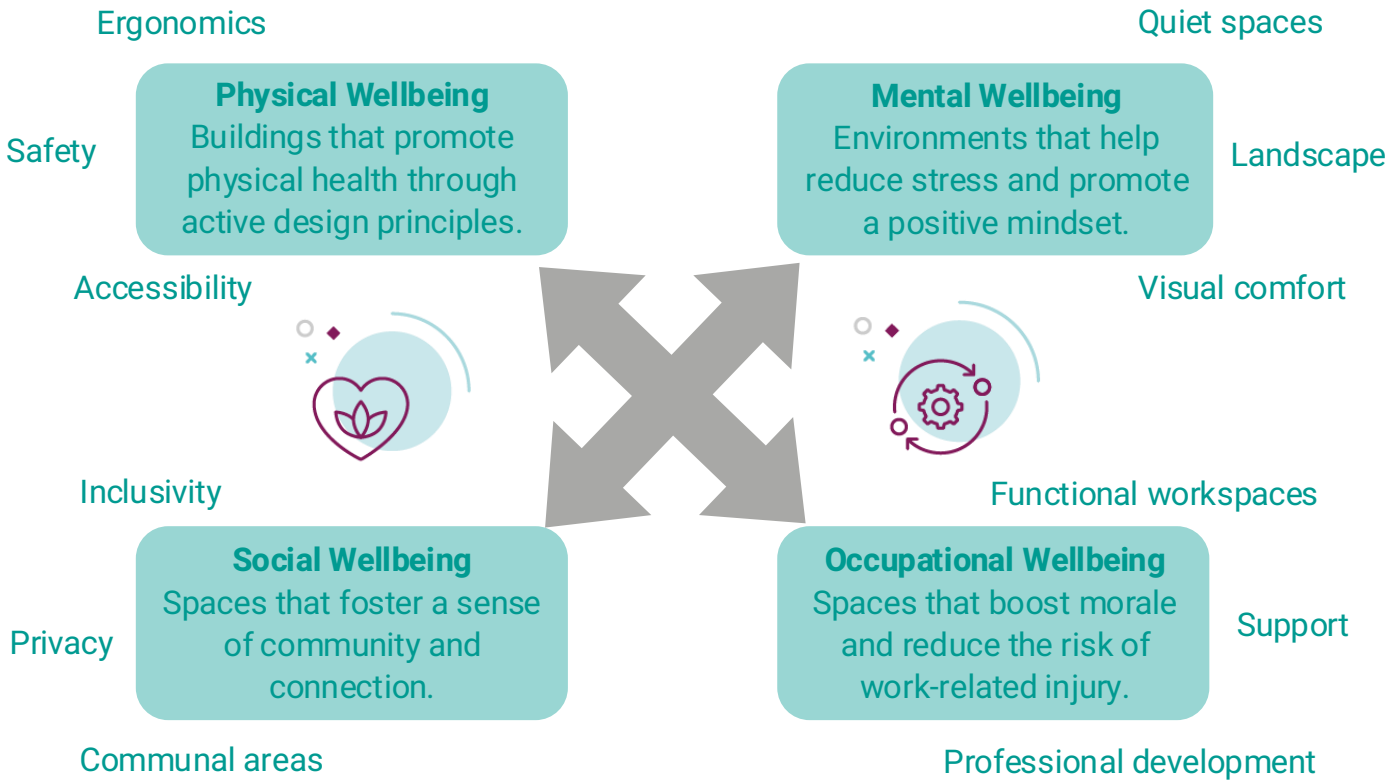
Enhancing Wellbeing

A modern, fit-for purpose hospital environment can directly improve both patient experience and staff job satisfaction, enhancing the wellbeing of all building users.

Hospital design can make a major contribution to the wellbeing of patients and staff and is now an important consideration for new hospital projects.

Proposals for the new Belford Hospital reflects the latest good practice in hospital design and incorporate many features designed explicitly to improve the experience of people using the building.

This will improve both **job satisfaction** and **patient satisfaction**, enhancing the wellbeing of all users.



Patient and Staff Wellbeing

A well-designed, fit-for-purpose hospital environment would enhance patient and staff wellbeing and treating more people locally would reduce loneliness and isolation.

What Would Change?

A new hospital would provide a **better care experience** for patients and a **better working environment** for staff.

If more services become available at the Belford this will increase **job opportunities** in Lochaber. It would also mean more patients could be treated locally, making it easier for **friends and family to visit.**

If the availability of community-based care increases, this would help patients return home sooner, **reducing loneliness** and social isolation.

All of this would enhance the wellbeing of patients and staff.

Do Minimum	Job satisfaction declines as the Belford continues to deteriorate and more patients go to Raigmore as the range of services provided declines.
Rural General Hospital	A new hospital building improves job satisfaction, but patient travel patterns do not change.
RGH + rehab	A new hospital building improves job satisfaction and greater availability of rehabilitative care enables people to return home sooner.
RGH + rehab + elective	The new hospital improves job satisfaction; more people to return home sooner and fewer people need to travel for elective care.
Care Hub	Job satisfaction deteriorates due to continued underinvestment and loss of highly skilled jobs, and all inpatients are forced to travel to Raigmore.

Patient Wellbeing: Satisfaction and Visits

	Number of Patients (In-Patients) at T=10	Value at T=10	PV
1	16,989 (1,036) **negative** impact	-£0.7m	-£30.3m
2	19,911 (2,289) **positive** impact	£1.0m	£47.0m
3	19,911 (2,289) **positive** impact	£1.0m	£47.9m
4	20,135 (2,513) **positive** impact	£1.0m	£47.5m
5	2,747 (1,763) **negative** impact	--£0.3m	-£16.4m

Source: info from Client



Key Drivers of Impact & Year 1 Assumptions: In 2025 18,025 patients received treatment at the Belford, including 2,072 inpatients. In future it was assumed:

- **50% of inpatients would no longer receive visitors if services were relocated to Inverness**
- **Patient satisfaction would increase by 0.002 WELLBYs per patient for each day under options 2, 3 and 4 because of improvements in hospital design**

Metric: WELLBYs, converted into monetary values

Patient Wellbeing: Community Wellbeing

	Increase in patient days at home T=10	Value at T=10	PV
1	0 **minimal** impact	£0.0m	£0.0m
2	0 **minimal** impact	£0.0 m	£ 0.0m
3	+945 **positive** impact	£7,400	£0.4m
4	+972 **positive** impact	£7,600	£0.4m
5	0 **minimal** impact	£ 0.0m	£0.0m

Source: info from Client



Key Drivers of Impact & Year 1 Assumptions: In 2025 250 people were supported at home in Lochaber.

To estimate the additional benefits of community-based care provided under options 3 and 4, it was assumed that 10% of current inpatients would be able to return home sooner in the future.

Metric: WELLBYs, converted into monetary values

Staff Wellbeing

Local Employment at T=10	Value at T=10	PV
1 590 **negative** impact	-£0.3m	-£15.1m
2 635 **positive** impact	£0.5m	£24.0m
3 659 **positive** impact	£0.7m	£30.0m
4 666 **positive** impact	£0.7m	£32.0m
5 598 **negative** impact	-£0.3m	-£11.7m

Source: info from Client



Key Drivers of Impact & Year 1 Assumptions: In 2025 598 people were employed at the Belford and average job satisfaction was 6.2 out of 10. By year 10 it was assumed job satisfaction could change as follows:

- **Do Minimum (1): -0.2**
- **Core RGH (2): 0.2**
- **RGH + Rehab (3): 0.2**
- **+ Elective (4): 0.2**
- **Ambulatory Care (5): -0.2**

Metric: WELLBYs, converted into monetary values

Staff and Patient Wellbeing Impact Summary

Scenarios	Satisfaction & Visits £m T=10	PV	Community £m T=10	PV	Staff £m T=10	PV	**Total PV**
1. Do minimum	£0.7m	-£30.3m	0	£0.0m	-£0.3m	-£15.1m	**-£45.4m**
2. Core RGH	£1.0m	£47.0m	0	£0.0m	£0.5m	£24.0m	**£71.0m**
3. RGH + rehab	£1.0m	£47.0m	<£0.1m	£0.4m	£0.7m	£30.0m	**£77.4m**
4. RGH + rehab + elective	£1.0m	£47.5m	<£0.1m	£0.4m	£0.7m	£32.0m	**£80.0m**
5. Ambulatory care	-£0.3m	-£16.4m	0	£0.0m	-£0.3m	-£11.7m	**-£28.1m**

Local Economic Effects

The Belford is an important part of Lochaber's economic infrastructure that supports employment, generates wealth and help sustain communities.



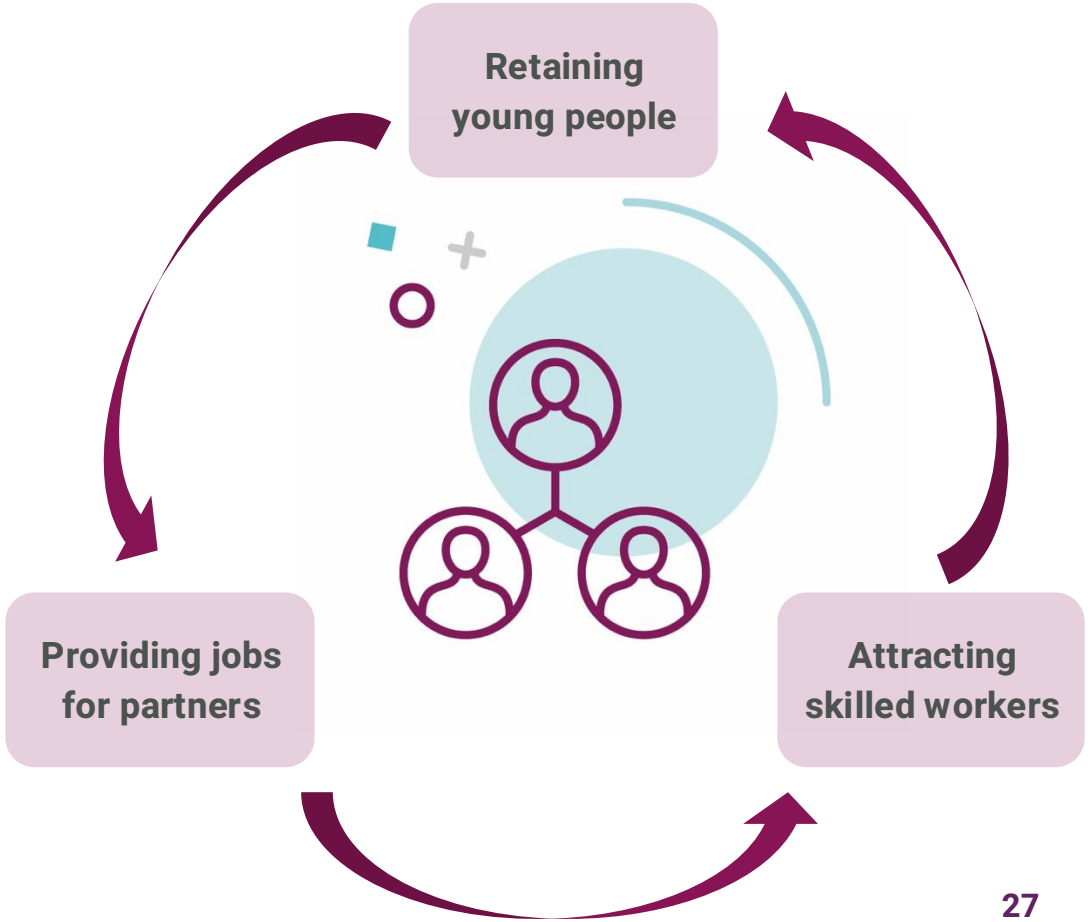
Sustaining Communities

Population retention is one of the most important challenges facing Lochaber. The Belford is critical to addressing this challenge.

The Belford is one of the largest employers in Lochaber. It provides well paid, secure jobs, with good terms and conditions. In Lochaber, where employment opportunities are often limited, this is invaluable for:

- **retaining working age people**
- **attracting new workers**
- **enabling families to relocate by providing job opportunities for people's partners.**

Access to hospital care can also be an important factor for people considering moving to an area. A modern, well-equipped hospital is therefore likely to improve Lochaber's attractiveness as a place to live and invest.



Building Community Wealth

Hospitals are important economic entities that support employment and generate wealth in the local economy.

What Would Change?

A new hospital is a big capital investment that supports economic activity by creating temporary jobs, and opportunities for local businesses to secure **construction related contracts**. The size of this impact depends on how much is invested and the value of contracts won by local businesses.

Hospitals are also major employers. When hospital staff **spend their wages** in local businesses, this creates wealth and supports jobs elsewhere in the local area. The size of this impact depends on the number of people working at the hospital.

Do Minimum	The Belford continues to deteriorate and staff numbers fall as services move to Inverness.
Rural General Hospital	A new hospital is developed and existing staff relocate.
RGH + rehab	A new hospital is developed. New jobs are created to provide rehabilitative care.
RGH + rehab + elective	A new hospital is developed. New jobs are created to provide rehabilitative and elective care.
Care Hub	The Belford is reconfigured as an ambulatory care hub. Some high skilled jobs relocate.

Construction Impact (Lochaber)

	Capital Cost	GVA	Job Years
1	£2.7 m **negligible** impact	£0.1m	<10
2	£200.0 m **positive temporary** impact	£9.1m	120
3	£200.0 m **positive temporary** impact	£9.1m	120
4	£200.0 m **positive temporary** impact	£9.1m	120
5	£151.5 m **positive temporary** impact	£6.9m	90

Source: Information Provided by Client/High Level Cost Plan



Key Drivers of Impact:

- Capital cost
- Extent of local procurement (10% Lochaber; 50% Highland; 100% Scotland).

Metric:

- Gross Value Added (GVA)
- Job Years of Employment (representing the temporary nature).

Staff Spending Impact (Lochaber)

	Staff Number & Salary Costs at T=10	GVA at T=10	PV
1	470 WTE jobs & £27.0m **negative** impact	£5.6m	£209.8 m
2	504 WTE jobs & £44.4m **positive** impact	£9.3m	£358.2m
3	522 WTE jobs & £59.0m **positive** impact	£12.3m	£476.0m
4	529 WTE jobs & £63.1m **positive** impact	£13.2m	£509.1m
5	474 WTE jobs & £27.3m **negative** impact	£5.7m	£215.8m

Source: Based on Scottish Health Service Costs & Draft Workforce Plan



Key Drivers of Impact & Year 1 Assumptions:

Number of staff employed (in the hospital and in the community) associated salary and wage costs; where staff live and spend their income. The number of jobs in Year 1 (WTE) was estimated as follows:

- **Do Minimum (1): 474**
- **RGH (2): 499**
- **RGH + Rehab (3): 518**
- **+ Elective (4): 524**
- **Ambulatory Care (5): 474**

Metric: Gross Value Added (GVA) and Jobs (WTE).

Economic Impact Summary (Lochaber)

Scenarios	Construction		Staff Spending		
	GVA	Job Years	GVA T=10	Jobs T=10	PV
1. Do minimum	£0.1m	<10	£5.6m	40	£209.8m
2. Core RGH model	£9.1m	120	£9.3m	70	£358.2m
3. RGH + Rehab	£9.1m	120	£12.3m	90	£476.0m
4. RGH+ rehab + elective	£9.1m	120	£13.2m	100	£509.1m
5. Ambulatory care	£6.9m	90	£5.7m	40	£215.8m

NHS Cost Savings

Changing how services are delivered will affect how much it costs to deliver them.



Efficiencies and Cost Savings

NHS Highland projected a budget deficit of £40 million in 2025/26. Operations must become more efficient to maintain standards of patient care.

What Would Change?

NHS Highland is responsible for transporting in-patients between treatment sites and reimburses (most) out-patient travel costs. Treating more patients locally would reduce **patient transport costs**.

A modern hospital environment that is more conducive to healing would enable patients to go home earlier, reducing the **cost of inpatient stays** for the NHS.

Enhancing community-based care services would help keep people out of hospital for longer, reducing the **cost of delayed discharges** to the NHS.

Do Minimum	More patients are treated at Raigmore as the Belford service offering declines and delayed discharges increase as the population gets older.
Rural General Hospital	The number of patients treated at Raigmore stays the same, but delayed discharges increase as the population gets older.
RGH + rehab	The number of patients treated at Raigmore stays the same, but delayed discharges fall because more rehabilitative care is available.
RGH + rehab + elective	Fewer patients travel to Raigmore because more elective care is available and delayed discharges fall because more rehabilitative care is available.
Care Hub	All inpatients are transferred to Raigmore, so the need for patient travel increases. No new services are provided so delayed discharges increase.

Summary

Delivering healthcare services locally generates the greatest benefits for patients, staff, visitors, the NHS, and wider local economy.



Findings Summary

Expanding local health and social care services in Lochaber will generate economic and wellbeing benefits for patients, staff, visitors, the NHS, and the local economy.



The current Belford Hospital is at the end of its projected operational lifetime and has been deemed unfit for purpose, particularly considering the growing healthcare demand in the local area associated with its ageing population.



Several options are being considered for the hospital's redevelopment, and this report explores some of the quantifiable economic and wellbeing outcomes that could be associated with this transformation. The analysis indicates that for each type of benefit expanding local provision will achieve the greatest benefits for stakeholders. This includes:

- **Reduced travel costs and time for patients**
- **Greater provision of care at home services (and reduced time in hospital)**
- **Greater job satisfaction and quality for staff (helping retention and attraction)**
- **Wider benefits to Lochaber from creating an attractive, sustainable, source of employment that can serve both an ageing population and act as an anchor in attracting workers and families to the local area.**



Annual Impact Value by Source (in 10 years)

(£m)	1	2	3	4	5
Foregone Earnings & Additional Costs	1.7	1.0	1.0	0.1	1.7
Staff and Patient Wellbeing	(2.4)	1.5	1.6	1.6	(2.2)
Local Economic Effects (Staff Spending)	5.6	9.3	12.3	13.2	5.7

PV Summary Slide (1)

Foregone Earnings and Additional Costs (PV £m)	1	2	3	4	5
Inpatients	12.5	7.8	7.8	1.0	12.7
Visitors	114.4	71.7	71.1	9.5	116.2
Total	**126.9**	**78.9**	**78.9**	**10.5**	**128.9**

Staff and Patient Wellbeing (PV £m)					
Satisfaction and Visits	(30.3)	47.0	47.0	47.5	(16.4)
Community	-	-	0.4	0.4	-
Staff	(15.1)	24.0	30.0	32.0	(11.7)
Total	**(45.4)**	**71.0**	**77.4**	**80.0**	**(28.1)**

PV Summary Slide (2)

	1	2	3	4	5
Local Economic Impact (£m GVA)					
Construction *(Total)*	0.1	9.1	9.1	9.1	6.9
Staff Spending *(PV)*	**209.8**	**358.2**	**476.0**	**509.1**	**215.8**

Appendix

Key assumptions by source of impact.



Appendix: Foregone Earnings and Additional Costs

Source of Impact	Assumption	Source
Inpatient (Elective)		
Share of elective inpatients that are of working age	65%	Source: Based on Scottish Government Inpatient Census 2024
Average value of one days' wage (Highland)	£109	Source: ONS (2025), Annual Survey of Hours and Earnings
Take-up of travel refund scheme	50%	Source: BiGGAR Economics Assumption
Visitors		
Share of inpatients receiving visitors	75%	Source: BiGGAR Economics Assumption
Number of visitors per patient	2	Source: BiGGAR Economics Assumption
Average number of nights stayed in Inverness as part of visit	0.7	Source: BiGGAR Economics Assumption based on population distribution in Lochaber and estimated share of visitors from Fort William who would return the same day
Average value of one days' wage (Highland)	£109	Source: ONS (2025), Annual Survey of Hours and Earnings
Value of additional costs (e.g. travel, meals and refreshments, and accommodation)	£260	Source: Based on average nightly accommodation cost for Inverness East hotel, distance in miles from Lochaber to Raigmore (and return), standard fuel cost per mile, and BiGGAR Economics Assumptions

Appendix: Staff and Patient Wellbeing

Source of Impact	Assumption	Source
Patient Wellbeing: Satisfaction and Visits		
Wellbeing benefit to patients of new hospital facilities against old facilities	1.6 WELLBYs (0.0044 WEELBYs per day)	Source: Koundakjian, D. C., Tompkins, B. J., & Repp, A. B. (2023). Evaluation of a new hospital building's impact on clinical outcomes and consumer experience in medical inpatients. *American Journal of Medical Quality, 38,* 122-128.
Improvement in wellbeing from seeing friends/relatives most days	0.227 WELLBYs (0.0006 WELLBYs per day)	Source: Powdthavee, N. (2008). Putting a price tag on friends, relatives, and neighbours: Using surveys of life satisfaction to value social relationships. *The Journal of Socio-Economics,* 37, 1459-1480.
Average length of hospital stay for inpatients (emergency/elective)	4.1 (5/1.2) days	Source: S&T_Lochaber_Redesign_AGP_17_09_25
Proportion of patients that would no longer receive visitors if services moved	50%	Source: BiGGAR Economics Assumption
Patient Wellbeing: Home Care Support		
Proportion of patients awaiting other home support to be in place before they can safely leave the hospital	10%	Source: Initial Agreement doc
Wellbeing benefit of home care	0.18 WELLBYs (0.00049 WELLBYs per day)	Source: Wang, Q., Fan, K., & Li, P. (2022). Effect of the use of home and community care services on the multidimensional health of older adults. *International Journal of Environmental Research and Public Health, 19*, 15402.
Staff Wellbeing		
Wellbeing benefit of a local job (adjusted for lower than UK average wellbeing at the Belford Hospital)	0.36 WELLBYs	Source: HM Treasury (2021), Supplementary Green Book Guidance, Page 62
Average wellbeing at the Belford Hospital (0 – 10)	6.2	Source: Belford Hospital - iMatter Report 2025
Wellbeing benefit of increased job satisfaction	0.15 WELLBYs	Source: Helliwell, J. F., & Huang, H. (2010). How's the job? Well-being and social capital in the workplace. *ILR Review, 63*, 205-227.

Appendix: Local Economic Impact

Source of Impact	Assumption	Source
Construction		
Location of contractors	10% Lochaber; 50% Highland; 100% Scotland	Source: BiGGAR Economics Assumption based on conversation held with client at workshop
Impact on the economy from works provided, and in the wider supply chain	Turnover/GVA, turnover/job ratios, and Type I and II multipliers for the construction, architecture and engineering, professional services, and manufacturing sectors	Source: Scottish Annual Business Statistics and Scottish Government Input-Output Tables
Impact in Highland (GVA)	Option 1, £0.7m; Option 2, £55.2m; Option 3, £55.2m; Option 4, £55.2m; Option 5, £41.8m	Source: BiGGAR Economics Estimate
Impact in Highland (Job Years)	Option 1, 10; Option 2, 710; Option 3, 710; Option 4, 710; Option 5, 540	Source: BiGGAR Economics Estimate
Staff Spending		
Additional staff employed (WTE)	Option 1, 0; Option 2, 25; Option 3, 43; Option 4, 50; Option 5, 0	Source: Workforce Plan (draft)
Additional salary payments	Option 1, £0; Option 2, £16.7m; Option 3, £31.2m; Option 4, £35.3m; Option 5, £0	Source: Based on average salary by NHS band: https://www.gov.scot/publications/nhs-staff-pay/
Impact on the economy from spending of wages	40% spend in Lochaber, 75% in Highland. Turnover/GVA, turnover/job ratios, and Type I and II multipliers for household spending sector.	Source: BiGGAR Economics Assumption and Scottish Annual Business Statistics and Scottish Government Input-Output Tables
Impact in Highland (GVA, Y10)	Option 1, £12.3; Option 2, £20.2m; Option 3, £26.8m; Option 4, £28.7m; Option 5, £12.4m	Source: BiGGAR Economics Estimate
Impact in Highland (Job Years)	Option 1, 90; Option 2, 150; Option 3, 200; Option 4, 220; Option 5, 90	Source: BiGGAR Economics Estimate

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