

GRAMPIAN NHS BOARD

INFRASTRUCTURE INVESTMENT

1. Actions Recommended

The Grampian NHS Board is asked to approve the following recommendation:

- Authorise the Chief Executive, Board Chairman and Director of Finance (in the capacity as Senior Responsible Officer) to conclude the commercial discussions and extend the appointment of the Principal Supply Chain Partner (PSCP) for the Major Acute Services in NHS Grampian Project (Baird Family Hospital and ANCHOR Centre) by entering into a Stage 4 (Construction) Contract.

In considering the above, the Board is asked to note the following:

- On 6 February 2020, it provided approval for submission to the Scottish Government Capital Investment Group (CIG), the Full Business Case (FBC) for investment in The Baird Family Hospital and The ANCHOR Centre on the Foresterhill Health Campus.
- Final approval of the FBC by CIG is dependent upon the completion of the independent design assurance review process commissioned by the Scottish Government and a supported NHSScotland Design Assessment Process (NDAP) review:
 - a. A supported NDAP review has been received
 - b. The independent design assurance review process has concludedBoth have resulted in actions plans that will be concluded during the construction stage of the project.
- The revised final project cost estimate of £232.2m has been updated to reflect the passage of time since the FBC was approved in February and includes the outcome from the various actions agreed to address the recommendations from the design assurance and NDAP processes.
- The target price offer from GRAHAM Construction Ltd, the Board's appointed PSCP, assumes a programme will start on site in November 2020 leading to practical completion in April 2024. Based on this programme, The ANCHOR Centre would be operational in March 2023 and The Baird Family Hospital in November 2023, with demolition of the existing Aberdeen Maternity Hospital occurring thereafter.

2. Strategic Context

The Asset Management Plan approved by the Board sets out an ambitious programme of investment in our infrastructure, linked to NHS Grampian's (NHSG) clinical strategy and supporting the strategic theme of delivering high quality care in the right place through providing safer, effective and sustainable services.

The Baird Family Hospital and ANCHOR Centre Project is a key strategic project for the Board consistent with the Asset Management Plan and the Foresterhill Development Plan. Amongst other outcomes the Project will deliver the following benefits:

- improvements in patient experience and environment (person centred)
- improved access, quality and efficiency of key diagnostic processes (effective)
- reduction in the level of backlog risks (safe)
- supports the key strategic commitment in relation to delivering the Maternity Services Strategy approved by this Board in 2010

3. Key matters relevant to recommendation

The project team are in the final stages of the planning for these two major infrastructure developments which will facilitate the redesign and modernisation of the clinical services that will be located within these facilities.

3.1.1 The Baird Family Hospital

The Baird Family Hospital will be a new purpose built hospital which will provide maternity, gynaecology, breast screening and breast surgery services. It will also include a neonatal unit, centre for reproductive medicine, an operating theatre suite, Community Maternity Unit and research and teaching facilities. The new hospital will be called The Baird Family Hospital in recognition of the contribution made to health by the Baird family over many years in Aberdeen and elsewhere in Scotland.

The Baird Family Hospital will deliver on the following:

- Facilities to appropriately care for different patient groups
- A redesign of services to meet future service requirements
- Plan for local, regional and national service delivery
- Support women, patients and families requiring access to services
- Fit for purpose and co-location of key dependent services, e.g. Paediatric Surgery, ITU and MRI

The Baird Family Hospital will also support the following Operating Model:

- New service models e.g. Triage, Transitional Care
- Ambulatory care as the norm
- 100% surgical pre-assessment and 85% admission on day of surgery
- Enhanced Recovery and reduced length of stay appropriately
- Increased patient choice e.g. water births
- Increase recruitment to clinical trials

3.1.2 The ANCHOR Centre

The ANCHOR Centre will support a significant and key redevelopment of services for haematology and oncology patients, creating much needed purpose built day and out-patient treatment and support accommodation space. This new purpose built facility will be called The ANCHOR Centre. ANCHOR (Aberdeen and North Centre for Haematology, Oncology and Radiotherapy) is a well-respected and highly regarded 'brand', established in the North of Scotland for almost two decades.

The new centre will be co-located with the Radiotherapy Centre and, once commissioned, both will operate as a single ambulatory centre for the patients of Grampian and the North of Scotland. The centre will provide out-patient and day-patient investigation and treatment services for patients with cancer and for patients with blood and bone marrow disorders, including non-cancer conditions as well as cancers. The centre will also include aseptic pharmacy and research and teaching facilities.

The ANCHOR Centre will deliver the following service delivery environment:

- Comfortable and inviting communal areas
- Maintain dignity and privacy for patients accessing treatment
- Facilitate clinical trials, research and teaching
- Provide tailored provision for teenagers and young adults
- Safe, efficient and productive working environment

The ANCHOR Centre will also support the development of working practices to enable:

- The service to meet an increasing prevalence of disease and associated treatments
- Change the working models and improve scheduling of patient care

3.1.3 Approval Process

The FBC Addendum, now presented to the Board for approval, augments the third and final phase in the business planning process for the project and is as a consequence of the time taken to secure an FBC approval.

The first phase, Initial Agreement (IA), was approved by the Board in June 2015 and Scottish Government Capital Investment Group in September 2015. The second phase, Outline Business Case (OBC), was approved by the Board in February 2018 and CIG in March 2018.

The FBC was approved by the Board in February 2020 and CIG formal approval is anticipated; this confirms the commercial arrangements for the project, considers value for money, and demonstrates to the Board that the Project is ready to proceed to construction.

3.1.4 Design Assurance

The innovative design concept for the project was developed following a significant period of consultation with all clinical groups, patients and the general public. These new facilities will be key enablers to allow a significant redesign of our clinical services improving not only the quality of care our patients receive, with many able to be cared for on an outpatient or day case basis, but also delivering efficiency benefits from the improved flow of patients throughout the buildings and the wider hospital environment at Foresterhill.

The design of the facilities was informed by an extensive review of all clinical activity data over recent years and facilitated by experienced Health Care planners and involved a lengthy period of dialogue with all of the medical, nursing, midwifery, other healthcare professional staff and our facilities and estates staff who will use the facility. This approach has been tested throughout the business case process.

In addition, design review by appropriate technical officers, external experts and clinical stakeholders has been an integral component of the development of the new facilities. An internal design assurance process is in place and has included recent workshops to revisit design sign off for e.g. water and drainage, electrical infrastructure, ventilation, fire and medical gases.

The purpose of the NDAP is to promote design quality and the service outcomes realised through this. Following regular engagement, an NDAP FBC submission to Architecture Design Scotland (AD+S) and Health Facilities Scotland (HFS) was made in November 2019. HFS confirmed a supported NDAP in July 2020.

In response to the findings of the recent design reviews at other Scottish Health Facilities, HFS and Health Protection Scotland (HPS) are developing a new Key Stage Authorisation Review process. This Project was subject to this new process and participated in an independent design assurance review, undertaken by AECOM on behalf of HFS. It commenced in February 2020 and was concluded in August. The final report is now available.

The design review has highlighted specific areas where the design requires to be further refined and this is already in progress through the detailed work being undertaken by GRHAM Construction in conjunction with the NHSG Project team as part of the transition from Stage 3 to Stage 4 that will ensure safe and compliant buildings are delivered for The Baird Family Hospital and ANCHOR Centre Project. In response to this, the Project Team has developed an action plan. The Project Board considered the findings of the independent review and, following review and scrutiny by the Project Board, they approved the recommendation from the Senior Responsible Officer that the project should progress to Stage 4 and that NHSG Board approval would be sought at this stage.

As part of this new process, the Project will be subject to further Key Stage Authorisation Reviews and Independent Design Assurance reviews, led by HFS, during the construction and commissioning phases of the Project.

Performance against the actions from the design assurance review will be monitored by the Project Board, with regular reports being made to the Board's Performance Governance Committee.

A building warrant is legal permission to carry out building work. In order to get a warrant, the work planned must conform to building regulations. All building warrants that should be in place prior to the commencement of construction are in place with the exception of the fire building warrant for the Baird Family Hospital. The application for the building warrant was submitted in April 2019 and final discussions are ongoing between GRAHAM Construction Ltd and Aberdeen City Council, as the local authority, to confirm final additional information and any adaptations required to allow acceptance of a revised fire engineered solution.

3.1.5 Key Milestones

The table below outlines the updated key milestones for delivery of the project, assuming approval to proceed in September 2020.

Milestone	Date
FBC Approval	September 2020
Construction Commencement	November 2020
ANCHOR Construction Completion	January 2023
ANCHOR Bring into Service	March 2023
Baird Construction Completion	August 2023
Baird Bring into Service	November 2023
AMH Demolition	April 2024
Completion Date	April 2024

3.1.6 Site and Planning Matters

Location of Baird and ANCHOR developments on the Foresterhill Health Campus



The sites identified are consistent with the Foresterhill Development Framework and full planning permission was received on 30 November 2018.

The University of Aberdeen as joint site owners have also confirmed their support for the Baird and ANCHOR facilities on the Foresterhill Health Campus site.

3.1.7 Financial and Commercial Aspects

The Project is procured under the NHSScotland Frameworks Scotland 2 (FS2) construction contract arrangement.

Following a competitive process, GRAHAM Construction Ltd were appointed as the PSCP in November 2016.

The Project has staged legally binding contracts. The construction stage contract for the PSCP has been developed and modified, with appropriate professional advice, to reflect the project’s scale and complexity. Key aspects of the contract are an agreed “capped” Target Price which has been fully market tested, a clearly defined risk framework and the opportunity to benefit from gain share arrangements should actual costs of construction fall below the agreed Target Price. Payment is made monthly to the PSCP based on the value of work completed to date, through a project bank account arrangement which guarantees timely payment to all participating sub-contractors. The Board’s independent cost advisors check and certify all valuation certificates prior to payment.

(a) Capital Costs

The capital cost associated with construction of the new facilities has been updated from that which was set out in the FBC is summarised as follows:

Summary of Capital Investment for Approval

	Current Total	FBC Total
	£000s	£000s
Construction Related Costs	216,168	206,623
Furniture and Equipment	17,000	17,000
Total Initial Investment	233,168	223,623
Sources of Funding		
SG Additional Capital Funding	233,168	223,623
Total Sources of Funding	233,168	223,623

The revised project cost estimate of £232.2m was produced by the Cost Advisor (CA) based on the developing design and the revised Target Price submitted by the PSCP.

(b) Review of Capital Costs

Following receipt of the revised project cost estimate, the CAs prepared an analysis of the main reasons for the increase in cost of £9.5m which are summarised as follows.

The key reasons for the £9.5m increase in capital investment required are:

1. **Inflation (£2.5m)** a consequence of the delay in commencement of construction
2. **Revised market returns (£1.2m)** as a consequence of both the delay in commencement and preferred sub-contractors no longer being available a number of market returns have had to be repriced
3. **Risk (£2.1m)** a number of factors have resulted in the re-pricing of risk provisions as the context in which the project will be delivered has changed
4. **Additional design refinement and clarifications (£0.8m)** as a consequence of developing technical and clinical requirements the design has been refined
5. **Changes to be instructed as a consequence of independent design assurance review (£0.7m)** a number of changes will be incorporated into the final design as a consequence of pursuing actions arising from the findings of the review
6. **Elongated programme (£1.3m)** the construction programme has been increased as a consequence of the remobilisation period, additional risks and programme refinements in relation to the demolition of Aberdeen Maternity Hospital
7. **COVID-19 (£0.9m)** as a consequence of COVID-19 the tender price for the contractor will increase by £0.6m, these costs largely relate to creating a safe operating environment on site for the first period (29 weeks) of construction. Additionally, provisions of £0.3m have been made within the NHSG's risk allowances for a potential further period beyond that priced by the contract of enhanced site arrangements and also contractual reliefs associated with track and trace stand down

No increase in equipping cost forecast has been identified.

In summary, the PSCP Target Price for construction, following a tender process, has been jointly developed on an 'Open Book' basis. This has been reviewed by the Project's CAs and they have concluded their work on the revised target price.

Recognising the above therefore the Project Board recommend acceptance of the Target Price submitted and the revised project cost estimate of £232.2m.

The Project Team will continue to work with the CA and PSCP to deliver any further cost efficiencies that might be available.

4. Responsible Executive Director and contact for further information

If you require any further information in advance of the meeting please contact:

Responsible Executive Director

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Contact for further information

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08 September 2020

Attachments:

Baird Family Hospital and ANCHOR Centre Full Business Case Addendum

On Request:

Baird Family Hospital and ANCHOR Centre Full Business Case

Baird Family Hospital and ANCHOR Centre Full Business Case Addendum Appendices A-G