

## **1. Actions Recommended**

The Board is asked to approve the following recommendations:

### **Royal Cornhill Hospital**

- Approve a budget not to exceed £5.1 million in order to deliver the works programme at Dunnottar and Fyvie Wards in Royal Cornhill Hospital and delegate authority to the Board Chair and Chief Executive to agree a target price with KIER, the appointed Principal Supply Chain Partner (PSCP) or main contractor for this stage of the project.
- Authorise the Director of Finance to finalise the project budget up to £1.6m to progress the additional programme of non-invasive ligature reduction measures agreed with the Health and Safety Executive (HSE) in relation to the Intensive Psychiatric Care Unit, Crathes, Drum, Bracken, Muick, Skene, Eden and Forensic Acute Wards.

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

- Progress to date against the programme of works agreed with the HSE in relation to the six Mental Health Acute Admission wards at Royal Cornhill Hospital (Huntly, Fraser, Dunnottar, Fyvie, Muick and Davan).
- That the option appraisal process is underway regarding mental health services, currently provided in Ward 4 at Dr Gray's Hospital, and the intention to submit a separate proposal for approval at a future meeting of the Grampian NHS Board.

### **Elective Care Facilities**

- Approve the Outline Business Case for the development of Elective Care Facilities and onward submission for approval to the Scottish Government Capital Investment Group (CIG).
- Authorise the Board Chair and Chief Executive to commit a further £2.6 million in design fees and other enabling expenditure necessary to progress development of the Full Business Case.

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

- Delivery will be dependent on the availability of capital funding of £55.7 million from the Scottish Government.
- The additional recurring revenue implications of £7.4 million related to the new facilities.

## **2. Strategic Context**

The Infrastructure Investment Plan, approved by the Board in April 2019, sets out an ambitious programme of investment in infrastructure linked to NHS Grampian's clinical strategy and supporting the strategic theme of delivering high quality care in the right place through providing safer, effective and sustainable services.

The matters outlined for Board approval in this paper relate to planned investment in infrastructure, consistent with our strategic themes that will deliver the following benefits:

- improvements in patient experience and environment (person centred),
- improved access, quality and efficiency of key diagnostic processes (effective), and
- reduction in the level of backlog risks and enhance statutory compliance (safe).

## **3. Key matters relevant to recommendation**

### **3.1 ROYAL CORNHILL HOSPITAL**

In June 2017, the Board received an improvement notice from the Health and Safety Executive (HSE) requiring action to reduce the environmental ligature risks within the in-patient wards at Royal Cornhill Hospital (RCH). In October 2017 the Board approved a programme of works aimed at reducing the risk of self-harm in the six Mental Health Acute Admission Wards at RCH (Huntly, Fraser, Dunnottar, Fyvie, Muick and Davan) and Ward 4 at Dr Gray's Hospital, being the areas assessed where the patient population is at highest risk.

#### **a. Stage 1 - upgrading of Huntly Ward**

To maintain capacity for Acute Mental Health assessment and to minimise the impact on the service, it was agreed first to upgrade the empty Huntly Ward as an essential enabling step.

The scope of the agreed works programme was to remove identified ligature points including items such as bespoke designed ligature reduction beds, wardrobes and cabinets and installation of low risk electrical sockets and light fittings. Additional work was also required as a condition on the building warrant such as installation of additional fire precaution measures in the corridors and dining and dayroom areas of each ward and an upgrade to the main fire alarm panel for RCH.

This work was completed in September 2018 at a cost of £1.66 million and the finished ward, well received by staff and service users alike, is now recognised as an exemplar NHS Scotland facility by the HSE.

## **b. Stage 2: Fraser Ward**

In June 2018, KIER Group were appointed as the main contractor to progress the programme within the remaining Acute Mental Health Assessment wards.

One of the key learning points from the Huntly ward was the need to minimise the impact of the noise and general disruption associated with the construction activity on patients occupying neighbouring wards. Accordingly, the future programme is organised to allow the construction works in future phases to be completed two wards at a time (top floor and bottom floor). The next step to progress the programme therefore was to complete the upgrade of Fraser Ward, which is located immediately below Huntly Ward. This work is underway and scheduled to complete in September 2019.

The work in Fraser Ward (Stage 2) was approved by the Board in December 2018 at an estimated cost of £2.45 million and is on target to complete in October 2019.

## **c. Stage 3: Dunnottar, Fyvie**

A detailed design and final target price of £5.1m is now available for Stage 3, Dunnottar and Fyvie Wards, which is due to commence on site in October 2019 with all work due to be complete by July 2020.

The experience of the Huntly ward upgrade provided valuable learning to inform the design and delivery of the future stages of the programme and a number of changes have been incorporated in the design for the next wards to be upgraded, including:

- Additional ensuite facilities – to improve patient experience following feedback from staff and services users on Huntly Ward.
- Interview rooms for clinical consultations & family visiting – essential to ensure privacy; and
- Informal staff rest areas<sup>1</sup> – essential for wellbeing of staff.

## **d. Stage 4: Muick and Davan**

The fourth and final stage, Muick and Davan, is anticipated to start on site in September 2020, to be complete by May 2021. The cost of this stage is expected to be similar to that for Dunnottar and Fyvie Wards but the target price for this stage will be presented to the Board for approval at a future meeting, when available.

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<sup>1</sup> Interview rooms and staff rest facilities were incorporated within the Huntly Ward following feedback from staff and patients and were built into the design for Fraser Ward.

#### **e. Additional Work Programme at RCH**

In May 2019 the HSE issued a Notice of Contravention requiring the Board to demonstrate action to remove potential ligature points from other inpatient areas of accommodation where there is the potential of high risk patients being accommodated. This includes areas where patients are pending transfer to upgraded accommodation. Accordingly we are now required to commit to a further programme of non-invasive ligature reduction measures in the Intensive Psychiatric Care Unit, Crathes, Drum, Bracken, Muick, Skene, Eden and Forensic Acute Wards.

The scope of these additional works is designed to be non-invasive and minimise any disruption to patient care during the installation programme. The work will include replacement of beds, where appropriate, with the bespoke designed ligature reduction beds, replacement of hardware e.g. door handles, locks, lamps, vents and other fittings with ligature reduction products and the sealing of frames, light switches, mirrors etc with anti-pick sealant.

A detailed costed implementation plan is under development but initial estimates suggest the cost will be in the region of £100k to £200k per ward or up to £1.6m for the programme of works

#### **f. Dr Gray's Hospital**

With regard to Ward 4 at Dr Gray's Hospital, work is ongoing to further develop the available options and a separate proposal will be presented for approval at a future meeting of the Grampian NHS Board.

## **3.2 ELECTIVE CARE FACILITIES**

### **Background and Strategic Context**

The vision for elective care is to deliver treatment and care as close to home as possible through the application of best practice, innovation and digital technology. Where treatment requires specialist skills and technology this will be undertaken in purpose designed facilities which will promote efficiency and the best patient experience possible.

NHS Grampian, in response to the Scottish Government allocation of capital funding for the development of elective care centres in Scotland, undertook a comprehensive process of engagement involving 22 clinical services, including primary care, to determine the key service requirements and ensure that the funding is targeted as effectively as possible. The process developed a clear strategic context for transformation in elective care and a programme of redesign aimed at driving efficiency, and the delivery of “additionality” to meet anticipated need and demand for treatment in the future.

The preferred option identified in this Outline Business Case is intended to be part of a wider elective care programme, linked to the North of Scotland regional elective care programme. This will contribute to the creation of capacity to meet increasing need and demand for elective care treatment, by focussing the areas of investment on those areas which will provide the greatest additionality.

### **Purpose of the Outline Business Case**

Following approval of the Initial Agreement (IA) in September 2018, the Board was invited by the Scottish Government Capital Investment Group (CIG) to prepare an Outline Business Case (OBC) which is now presented to the Board for approval.

The OBC:

- Identifies the preferred option,
- Demonstrates that the preferred option delivers value for money and is affordable, and
- Sets out the supporting commercial and management arrangements to successfully implement the preferred option.

There is one further stage in the business planning process to be completed prior to commencement of construction of the new facility - the preparation of a Full Business Case (FBC) and this is expected to be presented to the Board for approval in April 2020.

## Investment Objectives

Need and demand for elective care is increasing and there is continued pressure on capacity arising from workforce and financial resource challenges. The programme seeks to moderate demand by coordinating prevention, self-management and realistic medicine initiatives; and increase capacity by improving efficiency, applying best practice and creating new capacity to meet the increasing levels of need and demand. The aim of the proposed capital investment is to create new capacity, and to configure this capacity in a way that supports maximum service efficiency and effectiveness.

Through the engagement process and consideration of the need for change, the Investment Objectives established for the Project are:

- Improve future service capacity by improving supporting asset base.
- Improve service performance and efficiency by optimising service redesign.
- Service redesign is enabled by use of, and access to, technology.
- Meet user requirements for service by being more person-centred.
- Improved services and sustainable workforce and equity of local access to treatment as far as possible and regionally where required, with harmonised access agreements across NoS Boards.
- Improved facilities in place to support modern outpatient care and optimised inpatient/day case activity.

This investment will support the delivery of the sustainable service for a specific range of specialties - Respiratory, Dermatology and Urology, and meet future expected demand for MRI and CT capacity. The creation of elective MRI and CT capacity will allow circa 9,000 additional CT scans per year and 6,000 – 7,000 more MRI scans in Aberdeen and Elgin.

The new day surgery and endoscopy unit will provide modern facilities with the capacity to see the growing number of referrals for endoscopy, General Surgery, ENT and OMFS services. The dedicated day unit will provide accommodation that will allow for excellent patient care and optimal throughput allowing us to achieve the National BADS targets for day surgery. This means that 1,000 patients previously seen in an inpatient setting can attend for day surgery. Endoscopy services in ARI will be focused in one location instead of three, allowing for improved patient experience and improved efficiency and throughput.

The 3 outpatient services Respiratory, Dermatology and Urology will deliver re-designed services focused on admission avoidance and where possible a 'one stop' model of care, for example in Urology, circa 70% of patients will be seen at a 'one stop' clinic, 20% of these patients may require follow up. This will reduced the need for return appointments allowing more new patients to be seen. In addition, a number of procedures previously done during a repeat visit will be done in a 'one stop' ambulatory setting including e.g. lithotripsy, cystoscopy and urodynamic.

## Preferred Option

The preferred option identifies the following key components that most effectively meet the investment objectives. The key components of the preferred option are summarised as follows:-

- Co-location of day surgery and endoscopy and development of modern outpatient and ambulatory care facilities, supporting a 'one-stop' model of outpatient provision for: Urology, Respiratory and Dermatology in a single new bespoke facility on the Foresterhill Campus and refurbishment of existing facilities;
- Investment in CT and MRI facilities (including MRI facilities at Dr Gray's Hospital); and
- The development of a number of Community Diagnostic & Treatment Hubs.

These facilities will:

- Advance the agreed Foresterhill Campus Development Framework by creating an elective care focus on the Campus consistent with the clinical service blueprint;
- Support the wider Elective Care Redesign Agenda;
- Develop a "tiered" approach to elective care by stimulating the creation of community diagnostic and treatment hubs with the aim of retaining activity in the community and focusing the Elective Care Centre on activity which requires specialist skills and facilities;
- Support the development of the NHS Grampian Clinical Strategy and is in line with the Regional Workforce Plan;
- Contribute to the reduction in backlog maintenance; and
- Develop the "tiered" approach to elective care by stimulating the creation of community diagnostic and treatment hubs with the aim of retaining activity in the community and focusing the Elective Care Centre on activity which requires specialist skills and facilities

## **Changes since the Initial Agreement**

The case for change, scope and policy and strategic context are substantially unchanged but following further consideration within NHS Grampian and with the Elective Care National Programme Board two key refinements to the Strategic Case approved in the IA have been progressed as follows:

- A proposal that one of the two Elective Care MRI scanners is located at Dr Gray's Hospital in Elgin and the other in the Elective Care Centre on the Foresterhill Campus and;
- The development of a number of Community Diagnostic & Treatment Hubs will be subject to a separate business case and does not form part of the option developed and appraised in this case.

## **Capital Cost**

The investment required to deliver the new bespoke facility on the Foresterhill Campus and CT and MRI facilities (including MRI facilities at Dr Gray's Hospital) is estimated at £52.2 million, £9.2 million is the cost of equipping the new facilities, £2.6 million project development costs and construction costs of £40.4 million. The option for the development of Community Diagnostic and Treatment Hubs will be subject to a separate approval process, with the costs estimated at £3.5m. The project costs exceed the indicative capital target of £52million and approval to proceed with the preferred option (including the Community Diagnostic and Treatment Hubs) as specified, will be conditional upon confirmation from the Scottish Government that capital funding to the value of £55.7 million can be made available to support the project.

The next stage of the business planning process will be the preparation of the Full Business Case which includes all preconstruction activities inclusive of enabling works. The additional cost (inclusive of risk) to conclude these activities is £2.6 million (£1.4 million has previously been incurred, in line with previous Board approval, to develop the project design to its current stage).



## Revenue Costs

The anticipated recurring revenue costs associated with the Project of £7.4 million are set out in the table below - Summary of Revenue Implications - First Full Year of Operation (2022/23):

|                                       | Total OBC    | Total IA     |
|---------------------------------------|--------------|--------------|
|                                       | £000's       | £000's       |
| <b>Revenue Costs</b>                  |              |              |
| Additional Depreciation               | 1,811        | 1,732        |
| Additional Clinical Service Costs     | 2,980        | 2,100        |
| Additional Non-Clinical Service Costs | 1,329        | 698          |
| Building Related Running Costs        | 1,295        | 923          |
| <b>Total Costs</b>                    | <b>7,415</b> | <b>5,453</b> |

The annual running costs have increased by £2 million from that reported in the Initial Agreement. The increase relates mainly to the addition of an outpatient theatre following further demand and capacity modelling and the requirement to co-locate a decontamination unit within the endoscopy service.

The recurring funding for the business case will form part of the Board's Waiting Times Plan which will incorporate the above requirement to fund the £7.4 million revenue consequence of the Elective Care development. The investment in the new facilities addresses the demand and capacity requirements for Respiratory, Dermatology and Urology and MRI and CT capacity only. The Board's Waiting Times Plan will require further recurring revenue funding beyond the £7.4m required to support this business case to provide additional capacity in those services which do not form part of this project. The Board is currently developing its case for continued funding for the 30 month period of the national Waiting Times Improvement Plan and to support investment in sustainable capacity beyond 31 March 2021. NHS Grampian will require confirmation that additional revenue funding will be made available to allow the preferred option to proceed.

## Commercial Arrangements and project timescales

Following approval of the Initial Agreement in September 2018, Graham Construction were appointed as Principal Supply Chain Partner and AECOM as Joint Cost Advisor, under the NHS Scotland Frameworks 2 procurement route.

The Project Delivery Timetable assuming approval of the OBC by the end of August by the Scottish Government is summarised as follows:-

- Agreement of Target Price - April 2020
- Full Business Case approval - May 2020
- Construction work commences - July 2020
- Construction work completed - November 2021
- Facilities fully operational - March 2022

#### 4. Risk Mitigation

Approval of the recommendations as outlined will assist in mitigating the Board strategic risk to ensure that we *implement an asset investment, disposal and backlog maintenance programme or redesign of service provision to reduce dependence on physical buildings. Failure to progress will result in existing infrastructure not being able to support our objectives for future patient care*

#### 5. Responsible Executive Director and contact for further information

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

##### **Responsible Executive Director**

Alan Gray  
Director Of Finance  
[alangray@nhs.net](mailto:alangray@nhs.net)

Gary Mortimer  
Director of Operational Delivery  
[Gary.mortimer@nhs.net](mailto:Gary.mortimer@nhs.net)

##### **Contact for further information**

Garry Kidd  
Assistant Director of Finance  
[garry.kidd@nhs.net](mailto:garry.kidd@nhs.net)

**Date 18 July 2019**

**Additional supporting information available on request:**

Outline Business Case for Elective Care Facilities