

Meeting:	Grampian NHS Board Meeting
Meeting date:	3 February 2022
Item Number:	8
Title:	Baird and ANCHOR Contract Value Variation Approval - Doors
Responsible Executive/Non-Executive:	Alan Gray – Director of Finance
Report Author:	Julie Anderson – Deputy Project Director/Finance Manager

1 Purpose

This is presented to the Board for:

- **Approval** to vary the construction contract value, within approved project budget, for the Baird Family Hospital and ANCHOR Centre project, following finalisations of the door security, accessibility, acoustic, and protection requirements.

This aligns to the following NHS Scotland quality ambitions:

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

Following approval, the Construction Contract for the Baird and ANCHOR Project was entered into in October 2020. At that stage, work to finalise the door requirements had not been concluded. These requirements have now been confirmed and instructed and the variation in contract value requires approval by the Board.

2.2 Background

The Schedule of Reserved Decision confirms that award contracts and tenders over £1 million, require approval from the Board of NHS Grampian.

2.3 Assessment

Overview

The finalisation of a door schedule for the two facilities has been a protracted process which has now been completed. The schedule has been confirmed with the contractor and requires a variation in contract value of circa £1.95m (inclusive of VAT) funded from the projects risk provision to be agreed.

The contract value for the Project was prepared based on the door schedule as at end 2018, when the packages were tendered and a provision was made within the project forecast for further changes including additional door protection and access control.

Quality/ Patient Care

Confirmation of final door requirement to meet all essential clinical, functional and technical requirement has been subject to project team review. The main changes associated with this variation are associated with ensuring quality including:

- door protection requirements to avoid future maintenance and infection control issues.
- automated doors requirements to ensure efficient flows and minimise life cycle maintenance.
- access control requirements necessary for correct security arrangements to be maintained.
- acoustic requirements to support patient privacy and functional suitability

Service and workforce planning

This variation will support the effective and efficient service delivery in the new facilities.

Financial

The cost of the variation is forecast to be £1.95 million (inclusive of VAT). Any variation to the contract value is subject to scrutiny and assessment by the Project's Cost Advisors (AECOM) who have confirmed it to be 'representative of the value of changes in scope/cost in the current market'. Final commercial arrangements have yet to be concluded.

The capital investment for the Project (£233.2 million) is reflected in the NHS Grampian Infrastructure Plan and is inclusive of forecast works provision and risk allowance. The value of this contract value variation can be accommodated within the risk allowance for the Project and will not result in any change to the £233.2 million project budget.

As reported to the Board in December 2021 a further report will be brought back to the April 2022 Board meeting with an update on Project Budget Forecast and Programme.

Risk Assessment/Management

Risk management procedures are an integral feature of the project with a comprehensive risk register maintained monthly by all parties and weekly risk reductions meetings.

Equality and Diversity, including health inequalities

The project undertook a Health Inequalities Impact Checklist in February 2018 as part of the Outline Business Case. This piece of work was commended by the Public Health Team.

Other impacts

No other relevant impacts to note at this stage.

Communication, involvement, engagement and consultation

The project has a very active communication work stream which has been in place since 2015 when engagement with patients and staff commenced.

Route to the Meeting

Project performance is reported regularly at the monthly Project Board who have monitored this issue and require to escalate approval.

2.4 Recommendations

The Board is asked to:

- **Approve** - to delegate authority to the Director of Finance to finalise the contract value variation in relation to the Baird and ANCHOR Project door requirements, subject to the final value inclusive of VAT not exceeding £2.1 million.