

APPROVED

NHS GRAMPIAN

Board Meeting – Thursday 17 September 2020 at 10.00am

The following were in attendance at a virtual meeting held using Microsoft Teams

Board Members

Professor Lynda Lynch	Chair, Non-Executive Board Member
Mrs Amy Anderson	Non-Executive Board Member
Mrs Rhona Atkinson	Vice-Chair, Non-Executive Board Member
Professor Siladitya Bhattacharya	Non-Executive Board Member
Professor Amanda Croft	Chief Executive
Mrs Kim Cruttenden	Chair of Area Clinical Forum/Non-Executive Board Member
Cllr Isobel Davidson	Non-Executive Board Member
Mr Albert Donald	Non-Executive Whistleblowing Champion
Ms Joyce Duncan	Non-Executive Board Member
Professor Nick Fluck	Medical Director
Mr Alan Gray	Director of Finance
Mrs Luan Grugeon	Non-Executive Board Member
Dr Caroline Hiscox	Nurse Director
Miss Rachael Little	Employee Director/Non-Executive Board Member
Mr Jonathan Passmore	Non-Executive Board Member
Mr Sandy Riddell	Non-Executive Board Member
Mr Dennis Robertson	Non-Executive Board Member

Attendees

Mr Paul Allen	Director of Facilities and eHealth
Ms Julie Anderson	Finance Manager
Mrs Jackie Bremner	Project Director
Dr Adam Coldwells	Interim Director of Strategy/Deputy Chief Executive
Miss Lesley Hall	Assistant Board Secretary
Mr Stuart Humphreys	Director of Marketing and Corporate Communications
Mr Garry Kidd	Assistant Director of Finance
Mr Derek Morgan	Head of Projects (Estates)
Mr Gary Mortimer	Director of Operational Delivery
Mr Tom Power	Director of People and Culture
Ms Gail Thomson	Deputy Project Director

Apologies

Mr Paul Bachoo	Medical Director – Acute
Mr Simon Bokor-Ingram	Interim Chief Officer, Moray
Cllr Douglas Lumsden	Non-Executive Board Member
Mrs Sandra MacLeod	Chief Officer, Aberdeen City
Cllr Shona Morrison	Non-Executive Board Member
Ms Lorraine Scott	Acting Director of Modernisation
Mr John Tomlinson	Non-Executive Board Member
Mrs Susan Webb	Director of Public Health
Mrs Angie Wood	Interim Chief Officer, Aberdeenshire

1 Apologies

Noted as above.

2 Declarations of Interest

There were no declarations of interest.

3 Infrastructure Investment – Baird Family Hospital and ANCHOR Project

Mr Gray introduced the item and advised that members of the Baird and ANCHOR Project Team were available to answer any specific questions.

He reminded Board members that the Full Business Case (FBC) had been submitted to the Scottish Government Capital Investment Group (CIG) in February following Board approval. Final approval of the FBC was dependent on the completion of an NHSScotland Design Assessment Process (NDAP) which was a standard part of the business case process and the outcome of an independent design assurance review which was an additional requirement.

Mr Gray was able to confirm that the project had a supported NDAP review and that the conclusion of the independent design assurance review had enabled NHS National Services Scotland to advise that they were content for the NHS Scotland Capital Investment Group to approve the construction mobilisation of the project. In reaching this recommendation, Mr Gray noted that NHS National Services Scotland had noted that NHS Grampian via their internal governance structure and senior responsible officer, are committed to the closure of the actions identified within the report.

The main outstanding issue was in relation to the formal fire warrant but the team was working closely with Aberdeen City Council and in discussion with GRAHAM as the principal supply chain partner (PSCP) to progress this matter.

The independent design assurance review process had been a very complex and comprehensive process and Mr Gray reassured the Board that the Baird and ANCHOR Project Board will track all the individual actions required from these review processes and will report regularly on progress and closure of these actions to the Performance Governance Committee of the Board.

Mr Gray advised that commercial negotiations on the contract were largely complete and both parties were close to agreement on a target price for stage 4 (pre-construction and construction). The overall estimated cost of the project had increased by £9.5 million since February 2020 and this was reflected in the Full Business Case Addendum. The key reasons for the increase in costs were set out in the paper: inflation - £2.5m; revised market returns £1.2m; additional risk provisions - £2.1m; additional design refinement and clarifications – £0.8m; additional provisions as a consequence of the independent design assurance review - £0.7m; elongated programme - £1.3m and impact of COVID - £0.9m.

The increased costs to the tender price as a consequence of COVID-19 related

mainly to creating a safe operating environment for the first 29 weeks of construction. Beyond that period an allowance has been made within the overall project costs to cover the risk relating to potential future lockdowns which will remain with the Board and Scottish Government. Work has been continuing with GRAHAM to assess and quantify the implications of COVID-19 and for the first 18 months of the contract this is not considered to be a significant risk as there will not be close working on site during this period.

Mr Gray and the Project Team provided responses and assurance on the following matters:

- Contingency funding

Budgetary provision had been made for the expected costs of addressing the action plan requirements of the independent design assurance reviews. Some of these agreed actions would be progressed as part of the detailed technical design in Stage 4. The independent design assurance review had provided additional reassurance regarding key matters prior to construction. As the first Board in NHS Scotland to complete such a detailed and pro-active review of the design, prior to construction, the Board can take significant assurance from this process. In addition, all stages of the project had been subject to the normal NDAP process, starting at Initial Agreement (IA) and through to Full Business Case (FBC) and construction stage. This robust review process had informed the financial provision for risk within the revised target price for the project. The target price formed a cap on contract price. Under the agreed contract, the Board was charged only the actual cost of construction and the risk of cost over run against the agreed scope of works sat with the PSCP. If the scope of works were to change, for example because of changes to national construction standards, then this risk would sit with NHS Grampian. Any such variation in scope would be subject to close scrutiny by the Board's technical and cost advisors on a case by case basis.

- Welfare arrangements for contractors on-site

Increased welfare arrangements had been included in the revised costs relating to COVID and the Board received assurances on the steps that the PSCP would be taking to safeguard staff working on the site.

- Clinical impact of delays and communication with staff

Communication with staff and patients was an important part of the project and once formal approval had been given there would be more engagement with staff and the wider community. This would include working with local management to resolve any operational matters that may arise within the existing facilities whilst the new buildings were being constructed. This engagement had extend to both Dr Gray's Hospital and Raigmore Hospital regarding the wider strategic view for maternity services across the North of Scotland.

- Operating costs

There had been no change to the financial provision for revenue costs since approval in February 2020.

- Health and Safety

Buildings were planned on the basis of up to date standards and guidance regarding space. This included engagement with Aberdeen City Council regarding building regulations and to ensure that the site management complied with Health and Safety standards during the construction phase.

- Learning form projects elsewhere

The National Infrastructure Board had linked to counterparts in England and Wales where there were other buildings projects of a similar scale. There was a lessons learned register and the team had sourced many post-project evaluations from other relevant projects to contribute to this.

- Community Benefits Clause

The agreed contract includes relevant provisions with regard to community benefit, to be implemented during the construction phase. Delivery of community benefit in line with the agreed contractual obligations will be closely monitored throughout the project, noting that the aspiration was for the project to benefit Grampian, not just Aberdeen.

- Contractor Viability

There was a comprehensive process for reviewing the continuing financial viability of all firms involved in the supply chain for the project, including the PSCP itself. The process was also supported by Health Facilities Scotland who administer the national Framework.

- Clerk of Works input

There were two full time supervisors for the mechanical and electrical, and building aspects of the project who had been involved with the project from the outset. Two independent clerks of work were being appointed for the construction process.

- Digital connectivity

IT infrastructure had been a major part of the planning from the start of the project taking account of future expected data requirements for cabling and infrastructure for additional capacity and to ensure sufficient bandwidth for Wi-Fi. The NHS Grampian Digital Strategy being presented to the Board in October made particular reference to digital estate.

- Updates to Board and Performance Governance Committee (PGC)

The Board agreed that regular updates would be presented to the Performance Governance and to the Board as required. The Project Director produces a monthly report to the Project Board and suggested it would be helpful to discuss what the PGC and Board would require by way of reporting.

The Board:

- **Approved the Full Business Case Addendum for submission to the Scottish Government Capital Investment Group (CIG) for approval.**
- **Authorised 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 authorising the above, the Board noted 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 was 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 concluded

Both have resulted in actions plans that will be concluded during the construction stage of the project.

- The revised target cost estimate of £233.2m had been updated to reflect the passage of time since the FBC was approved in February 2020 and included 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, assumed 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.

The Chair thanked all the Project Team for their hard work getting to this stage.

4 Date of Next Meeting

The next meeting will be on Thursday 1 October 2020 at 10.00am by MS Teams.