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| Meeting: | NHS Grampian Board |
| Meeting date: | 12 June 2025 |
| Item Number: | 9 |
| Title: | Project Update on The Baird Family Hospital and The ANCHOR Centre |
| Responsible Executive: | Nick Fluck – Senior Responsible Officer |
| Report Author: | Colin Adam – Project Director |

1 Purpose and recommendations

This is presented to the Board for:

- **Assurance** - The NHS Grampian Board is invited to review and scrutinise the information provided in this paper and confirm that it provides assurance that the policies and processes necessary are in place and are robust.
- The NHS Grampian Board is invited to note progress with The Baird Family Hospital and The ANCHOR Centre project, specifically an update on key matters; including the outcome of stakeholder decisions, decisions on the building completion strategy, the revised scope of work, and the design, construction, commissioning, and assurance processes that are under way in the lead up to completion and functional occupation of the buildings.
- **Future reporting** – to note that completion dates and the final project forecast will feature in future reporting on the Baird and ANCHOR project when the full impact of all changes has been reported by the Contractor.

This report relates to:

- NHS Grampian Strategy: Plan for the Future – Places – Infrastructure

This aligns to the following NHS Scotland quality ambition(s):

- Safe
- Effective
- Person Centred

This subject matter of this report is relevant to the mitigation of the following strategic risks (further information provided in the Risk section below):

- Inability to meet population demand for Planned Care
- Significant delays in the delivery of Unscheduled Care
- Inability to affectively maintain and invest in NHS Grampian's infrastructure
- Deviation from recognised service standards of practice and delivery
- Insufficient change and innovation to create a system which can meet demand and deliver on our strategic intent

2 Report summary

2.1 Situation

The construction programme for The Baird Family Hospital and The ANCHOR Centre commenced in January 2021. The project is at a critical stage, with a revised scope of construction works to The ANCHOR Centre progressing to completion, and works to The Baird Family Hospital continuing to progress in accordance with the current construction programme, with a series of remedial measures being developed. Previous updates to the NHS Grampian Board have highlighted the following matters affecting delivery of the project:

- The NHS Scotland Assure assurance review process was implemented nationally after commencement of the construction phase of the project, which did not capture earlier critical governance and design stages; important foundations for the assurance review process.
- Following a design review process focused on Healthcare Acquired Infection (HAI), several design issues specific to water and ventilation within The Baird Family Hospital and The ANCHOR Centre have been identified as requiring amendment.

- In relation to the HAI findings and other technical observations arising from assurance processes, the programme for delivery of the buildings has been impacted while amendment/ remedial works are considered and decisions are agreed on an appropriate completion strategy for each building.
- Progress to agree remedial works has been impacted during the construction stage, through a lack of adequate technical expertise employed within NHS Grampian, expected to support and undertake multiple assurance and technical workstreams.
- The Contractor is the Principal Supply Chain Partner (PSCP) providing all of the design, planning and construction services to NHS Grampian via their integrated supply chains. Essentially the design management process is controlled by the Contractor and not NHS Grampian.
- Project costs have been under significant pressure while the financial impact of any changes that have resulted from the HAI findings and other technical observations are agreed and quantified.
- There has been a continuing risk to project delivery given the PSCP and the main MEP sub contractor have now reached the capped target price within their contracts.
- There is a risk that the moisture ingress suffered during the construction process will require further remediation which could impact on programme timescales.

Following the April 2025 Board update on the completion strategy for The ANCHOR Centre it was agreed that the Senior Responsible Officer and Project Director would provide a further update on completion of the Baird Family Hospital for the next meeting of the NHS Grampian Board on 12th June 2025.

This update is summarised below:

2.2 Background

2.2.1 The ANCHOR Centre

In April 2025 the NHS Grampian Board was updated on progress with The ANCHOR Centre, confirming the Chief Executive's decision on the completion strategy for the building, which determined that limited changes to its configuration should be undertaken, avoiding extensive delay to completion and significant cost overrun.

The April 2025 paper detailed a revised scope of works, based on a list of essential changes required to bring the buildings to completion while seeking to mitigate potential Healthcare Acquired Infections. The changes, contained in a series of employer requirement instructions, comprise:

- Conversion of general treatment and procedure rooms from non-compatible uses with adjacencies.
- Operational enhancements to ventilation systems in treatment areas to provide correct pressure cascade.
- Removal of fan coil units in patient areas and replacement with integral AHU cooling coils where necessary.
- Additional security measures to the pharmacy, including upgraded glazing to windows and security gates.
- Restricting window opening and door access to the public terraces from the open plan treatment space.
- Replacement of mains water supply pipework that had been prematurely filled by the contractor.

The April 2025 update also outlined some of the key design, construction, commissioning and assurance processes that were under way in the lead up to completion and functional occupation of the building, with timescales to completion.

2.2.2 Progress

Progress on The ANCHOR Centre over the past two months has been significant. Following receipt of the employer requirement instructions, the Contractor has appointed a full supply chain for design and construction activity and a revised programme has now been submitted to the Project Team for acceptance. Several of the instructions have already been completed, while the design for some of the more extensive and complicated changes evolves.

In relation to design changes; specifically the conversion of treatment rooms and the operational enhancements to ventilation systems/ removal of fan coil units, the RIBA stage 4a design (Technical) stage will be completed by the contractor for stakeholder review/ sign off in July 2025, ahead of design adoption by the building services subcontractor, and development through to RIBA Stage 5 (Construction) in August 2025. It is anticipated that subject to approval, the construction of these works will commence late August 2025 and complete by October 2025, with commissioning of water systems continuing through to December 2025.

The functional commissioning process, which includes equipping and moving into the building, continues to be planned by the Project Team. Equipment moves/ delivery, art

installations and third party fit outs are currently being planned for the end of the year. Discussions around migration of the service are ongoing.

2.2.3 Assurance

The NHS Grampian Board have previously been updated on the strengthening of the Baird and ANCHOR project team, with additional and essential technical, commissioning and quality supervision resource, underpinning clinical governance.

Since this appointment, the Technical Advisor team have undertaken a holistic design review of The ANCHOR Centre, analysing the evolution of the building design from inception to construction, including a comprehensive review of the building's fire strategy, seeking to identify any non-compliant design and construction issues which could impact on occupation of the buildings.

The initial feedback from this exercise has been encouraging in that no significant issues have been reported from the investigation to date. Completion of this exercise is anticipated mid-June 2025, with an update report to the Project Board in July 2025.

The holistic design review has also been instrumental in the Project Team and Contractor closing out derogations. The design review has provided the derogations management team with relevant background information to develop necessary risk assessments, where appropriate, and close out.

Of 377 derogations applicable to The ANCHOR Centre, 81 remain to be closed out, with a date for completion of this activity agreed as end of June 2025. Of the 81, 2 derogations remain high risk and will require wider stakeholder engagement. These derogations relate to air handling and ventilation specifications that form part of the instructed changes confirmed to the NHS Grampian Board in April 2025.

Additionally, and at the request of NHS Scotland Assure, following findings from the Scottish Hospitals Inquiry, the Technical Advisor team have undertaken a review of The ANCHOR Centre Environmental Matrix and room data sheets in conjunction with clinical and IPC stakeholders. Again, this exercise has been encouraging in that no significant compliance issues have been reported from the investigation to date. Findings from this review will form part of The ANCHOR Centre Construction Key Stage Assurance Review (KSAR).

In terms of progress of The ANCHOR Centre Construction KSAR, a series of workshops were held in May and June 2025 with NHS Scotland Assure, presenting the information that was to be submitted by NHS Grampian as part of the final detailed review finding (DRF) response. The final submission will be made by the Project Team at the end of June 2025, for review and close out by the end of July 2025.

It has been confirmed to NHS Scotland Assure that the Commissioning KSAR submission for The ANCHOR Centre will commence in August 2025, with close out anticipated for November 2025 following completion of the remedial works.

As previously confirmed to the NHS Grampian Board, upon completion of the construction works, the filling of the water system will be undertaken by the Contractor, leading to a process of flushing and sampling the system, ensuring the water provision is safe for consumption and outlets are constructed adequately, all in accordance with the Contractor's Construction Phase Water Management Plan.

In May 2025, following recommendation from NHS Grampian's Infection, Prevention and Control (IPC) team, the Project Board agreed to support the removal of a secondary mains water supply pipe into The ANCHOR Centre which had been prematurely filled by the Contractor, removing any stagnation risk when the water system within the building is eventually filled. This work will be completed by the Contractor at the end of June 2025.

In relation to construction-related moisture ingress, reported to the NHS Grampian Board in April 2025, the Project Team in collaboration with IPC have now developed a pilot study of The ANCHOR Centre, where surveillance and sample testing will be undertaken within the first floor open plan treatment area (OPTA) in June 2025, ahead of the forthcoming changes to the building.

This pilot study has been supported by Dr Malcolm Richardson of the University of Manchester, a leading clinical mycologist with experience of mould development in healthcare settings. It is anticipated that this pilot study will provide a model for capturing data on whether the overall air quality in clinical areas, measured by active air sampling, has a lower microbial and fungal count compared to that of the surrounding outdoor air. The Project Board agreed to this activity in June 2025.

2.2.4 The Baird Family Hospital – Progress

In April 2025, the NHS Grampian Board were updated on the progress of The Baird Family Hospital, in particular the construction activity in the lead up to completion of the building as per the current design.

Similar to The ANCHOR Centre, progress to The Baird Family Hospital over the past two months has been significant. A specific focus has been placed by the Project Team on agreeing a final scope of remedial works for the building and concluding a completion strategy with the Contractor.

In relation to HAI concerns around the design of the six operating theatres, the project team, key clinical and IPC stakeholders, in conjunction with technical advisors and authorising engineers, are developing an Employer's Requirement Instruction setting out the parameters of a revised contractor design. This instruction sets new

requirements on the layout and ventilation provisions within the theatre lay-up/prep area, theatre recovery areas, theatre MDT room and disposal holds. Additional instructions relating to theatre door locks and power/ lighting are also being prepared for submission to the Contractor.

Furthermore, in relation to HAI concerns around the ventilation arrangements and corresponding placement and use of sinks within the Neo Natal (Intensive Care and Special Care Baby) Unit (NNU), the project team, clinical/ IPC stakeholders, and technical advisors are developing an Employer's Requirement Instruction for alterations to the unit. It has been agreed that some sinks will be removed and further discussions are to be held to conclude the sink provision across the whole unit.

There have been positive discussions around alterations to the ventilation system in the NNU, aimed to provide the optimal clinical environment for babies and their families. These discussions have been greatly aided by Computational Fluid Dynamic (CFD) analysis which has led to a clearer understanding of the clinical and HAI risks in the current design. The team are working towards a final instruction on the alterations required to the NNU ventilation system and reaching a final decision on the sink allocation by mid-June 2025. The formal decision escalation process will be utilised as required if there remain any outstanding issues that require decision making at an executive level.

In addition to the above instructions, additional Employer Requirement instructions relating to completion of the MRI area, Baird Café, Milk Feeds Prep Room and Sample Processing Room, along with removal of fan coil units in high risk clinical areas, are being generated by the Technical Advisors.

As previously confirmed to the NHS Grampian Board, a question relating the retention/ removal of a series of sinks within patient bedrooms and ancillary areas of The Baird Family Hospital was escalated by the Project Board for an executive level decision. In April 2025, the Chief Executive as Accountable Officer considered the HAI impact of retaining sinks against risks emerging from their removal, including impact to the wider water and drainage systems, and determined after due consideration of all the information provided that the sinks would be retained.

The Chief Executive's decision was made on the basis that retention of the sinks was a controllable risk which could be managed adequately by services employing adequate safeguards during treatment, and by ensuring regular flushing regimes are employed, as per the majority of the ARI site. This would be supported by NHS Scotland Assure through the ongoing KSAR process.

In advance of receiving the aforementioned instructions and the decision from the Chief Executive, the Project Team have been supported by the Contractor in developing a completion strategy for The Baird Family Hospital. Procurement of parts of the work has commenced, with most of the supply chain already appointed and Compensation Event quotations being developed.

In terms of recent construction progress, construction of the Baird Family Hospital continues steadily in line with the most recent accepted programme estimated to complete by the end of 2025. The building is now fully weather-tight with internal partitions, doors and ceilings constructed and all functional spaces established. In order to avoid unnecessary abortive works, particular installations have been paused in areas where changes are being instructed. External landscaping works are nearing completion with external fixtures and signage being installed.

During the coming months, the Project Team and Advisory Team will continue to review and approve design submissions provided by the Contractor ahead of the works for the instructed changes commencing. When the impact of all of the instructed changes is fully understood, a final date for completion and occupation of the Baird Family Hospital will be brought to the NHS Grampian Board.

Following the receipt of a fully supported Handover KSAR, and subject to all of the construction activity, commissioning and validation fully concluded, it is anticipated that equipment moves/delivery, art installations and third party fit outs will be undertaken following handover, ahead of service moves in to the building.

In relation to the established defects in the existing infrastructure ducts within the ARI site, construction of the revised routes for the primary and secondary (resilient) Copper, Oxygen and Fibre services commenced In April 2025 and this work is due to complete by end of November 2025.

2.2.5 Assurance

Similar to The ANCHOR Centre, the Technical Advisor team have undertaken a holistic design review of The Baird Family Hospital, analysing the evolution of the building design from inception to construction. This exercise, due to the scale of the building, is ongoing and is due to conclude later in the year along with the closing out design and construction derogations.

Additionally the Technical Advisor team will be undertaking a complete Environmental Matrix review of The Baird Family Hospital with analysis of the room data sheets in conjunction with key stakeholders. This will form part of The Baird Family Hospital Construction KSAR.

In terms of progress of The Baird Family Hospital Construction KSAR, workshops are scheduled with NHS Scotland Assure for July and August 2025, with submissions anticipated late 2025, following completion of the design proposals for the remedial works.

Similar to The ANCHOR Centre, high risk clinical areas will be assessed for the overall air quality measured by active air sampling, where it is expected that these areas will

have lower microbial and fungal counts when compared to the respective outdoor air. Dates for this sampling will be agreed when a final construction programme has been submitted by the Contractor and accepted by the Project Manager.

2.2.5 Risks

Risk management procedures continue to be an integral feature of the project with a comprehensive risk register maintained monthly by all parties, weekly risk reduction meetings and regular reporting of key risks to the Project Board and PAFIC.

Key project risks being managed by the Project Team are as follows:

- **Design Compliance Issues** – Due to a lack of technical resource during the early stages of construction required to undertake reviews of the Contractor Design Submissions (CDS), there is risk that design compliance issues may not be recognised until the buildings are due to be handed over, delaying completion or that non compliances contradict earlier agreed derogations and need to be corrected.
- **Key Stage Assurance Reviews** – There is a risk that until the Construction Key Stage Assurance Review on both buildings is fully complete, some of the instructed remedial works may continue to be unsupported by NHS Scotland Assure.
- **Further Prolongation or Delay to completion** – Given the Contractor has full design management control, there is a risk that up until the instructed design of remedial works is concluded, the project may incur further delay if key supply chain members are unable to proceed or continue with design development.
- **Project Resources** – There is a risk that until the full remedial design is complete, there will be a continued pressure on project clinical and IPC resources required to deliver the project, conflicting with other project commitments.

2.2.6 Costs

In April 2023, the NHS Grampian Board approved increasing the Baird and ANCHOR project budget to £261.1m, fully funded by a capital allocation from the Scottish Government.

As explained above, since April 2023, major elements of the design and construction for both buildings have been revisited to ensure that the up to date learning on HAI and findings from the KSAR are incorporated into the buildings. This process has

resulted in a series of instructions to the contractor, delaying completion of the works, in which further significant investment is required.

As the design process for the remediation of both buildings is at an early stage, and requires ongoing commercial dialogue with the PSCP, it is not possible to share specific costs for the changes at this juncture. A final project budget will be brought to the NHS Grampian Board for approval, when all of the HAI and technical design changes are fully designed and an assessment of the programme and commercial impact has matured.

Recurring Full Business Case revenue costs from the opening of each building, including uplifts for pay awards, are provided for in the Board's financial plans however this will require revision to reflect the movement in programme noted in this paper.

2.3 Assessment

In terms of project assurance the following measures have been implemented:

- Within the project there has been an ongoing and comprehensive range of stakeholder engagement meetings set up to discuss design or construction related matters which could influence the development of HAI, supported with appropriate technical advice. Weekly site visits are conducted by IPC and the Project Team (Quality Supervisors).
- The Project will now benefit from the establishment of Project Safety Groups specific to Water, Ventilation, Electrical, Medical Gas and Fire Safety design, with appointed authorising engineers providing the necessary advice and auditing role. Decisions on key technical safety related matters can now be made outwith the Project Board.
- Fortnightly “principals” discussions involving the NHSS Assure team and senior members of the project team are the key forum to ensure ongoing engagement and dialogue regarding feedback and planning for the various KSAR reviews and requests for advice and guidance on complex technical and design matters, including the recent HAI focused review of design.
- Governance of the project continues through the Project Board and PAFIC. Sub groups of the Project Board have been set up to monitor and manage commercial matters and the moisture ingress strategy. In April 2025, the Project Board undertook an initial review of the interim recommendations arising from the Scottish Hospitals Inquiry.

- In relation to the specific design decisions made by the Chief Executive, taking into account the high level of judgement required to make these decisions, it has been agreed that the NHS Grampian Audit & Risk Committee will receive papers summarising the process and the decisions taken after all key issues have completed the resolution process, to consider how the balance of risks was applied and to learn any lessons for future projects.
- The cost of the project remains under significant pressure, and while it is difficult to quantify the complete financial impact of any changes that will result from the instruction being provided to the contractor, regular meetings with the Scottish Government Health Finance Directorate (SGHFD) are in place in order to ensure that they are fully briefed on progress including the various risks to the project that are being managed by the Board.
- The Contractor and key supply chain members have now incurred costs up to the contract/sub contract target price. The Project Team will maintain ongoing dialogue with the Contractor and administer the contract appropriately to ensure cash flow is continued through to the supply chain with a focus on completion. Given the design management control of the Contractor, the completion dates for both buildings will be reliant on an appropriate commercial strategy.

2.3.4 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 reduction meetings and regular reporting of key risks to the Project Board and the Performance Assurance, Finance and Infrastructure Committee (PAFIC).

2.3.5 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.

This work demonstrated that these new facilities will provide opportunities to engage more with vulnerable or disadvantaged groups than is the case in existing facilities e.g. single room accommodation; increased space for families to be together; Transitional Care in the Baird which will help support vulnerable families, teenager and young adult provision in The ANCHOR Centre etc.

In June 2025, the Project Team commenced an update to the Health Inequalities Impact Assessment following discussions with NHS Grampian's Interim Equality and Diversity Manager. This is due to a new Integrated Impact Assessment now being available therefore previous information will be transferred on to this template to ensure it complies with updated legislation and guidance.

2.3.6 Other impacts

No other relevant impacts to note at this stage.

2.3.7 Communication, involvement, engagement and consultation

The project continues to have an active communication and engagement strategy that is reviewed yearly to reflect the stage of the project. The team continue to have dedicated resource that leads on this work and communication is also a significant feature for senior manager and other project team members.

Following on from previous years and due to programme delays we have taken stock of our communications strategy and have had a more targeted approach while ensuring we communicate and continue to meet key stakeholders on a regular basis. The key features of our current strategy are:

Communication Tools

The Project continues to use as appropriate well established communication channels - project website, social media channels and project newsletter updates to keep stakeholders up to date with the project.

Key Stakeholders

The Project Team continues to meet with key stakeholders on a regular basis, with an offer to go and meet with any interested community group.

Staff continue to be a focus of our communication strategy with regular project meetings and drop in sessions being arranged with services that will move to Baird and ANCHOR.

Continued communication with and participation from charity and third sector partners continues to be an important focus for the team. Patient input from the start of the project has influenced and strengthened the design of the facilities and we continue to engage on areas that stakeholders can still influence.

Proactive Media Plan

The Project continues to promote the features of both facilities and the difference these buildings will make to patients, families and staff once open.

2.3.8 Route to the Meeting

Project performance is reported regularly at the monthly Project Board, Project Commercial Sub-Group and Asset Management Group meetings. A report from the

Project Director and Senior Responsible Officer is provided as appropriate to the Performance Assurance, Finance and Infrastructure Committee (PAFIC).

2.4 Recommendations

The Committee is asked to:

- **Assurance** - The NHS Grampian Board is invited to review and scrutinise the information provided in this paper and confirm that it provides assurance that the policies and processes necessary are in place and are robust.
- The NHS Grampian Board is invited to note progress with the Baird Family Hospital and The ANCHOR Centre project, specifically an update on key matters; including the outcome of stakeholder decisions, decisions on the building completion strategy, the revised scope of work, and the design, construction, commissioning, and assurance processes that are under way in the lead up to completion and functional occupation of the buildings.
- **Future reporting** – to note that the final project forecast will feature in future reporting on the Baird and ANCHOR Project when the full financial impact of all changes has been reported by the Contractor.