

**Borders NHS Board**



**UPDATE ON THE ROXBURGH STREET, GALASHIELS, REPLACEMENT SURGERY PROJECT**

**Aim**

To update the Board on the progress made on the Roxburgh Street Replacement Surgery capital project in Galashiels and secure agreement to flex the capital plan to the extent of £300k if required.

**Background**

The Roxburgh Street Replacement Surgery is approved as part of the Board's 2015/16 and 2016/17 capital plan. Delivery of the project has been progressed with the hub South East Region Partnering Board as the appointed Scottish Government public sector procurement partner.

Listed below are details of the various stages of capital procurement. The Board is currently at approval of Stage 1 for this project.

<b>Process Stage</b>	<b>Price Base</b>	<b>Consequence of stage approval</b>
Affordability Cap (No Contractual Commitment)	estimate of cost of project using comparator projects and square meter rate including a financial assessment of risk and contingency.	Acceptance moves to Stage 1
Stage 1 (No Contractual Commitment)	more detailed design on the larger works packages for example mechanical and engineering and structural composition.	Acceptance moves to Stage 2
Stage 2 (Contractual Commitment to Construction Contract)	full detailed design, completion of tender specification for each works package, market testing of each works package.	Acceptance moves to Construction Contract.

The affordability cap presented to, and approved by, the Board in February 2015 totalled £1.734m excluding vat and additions.

Following further work by the NHS Scotland construction partner, hubco, and the local project team a Stage 1 submission from hubco has now been received which totals £1.962m excluding vat and additions. The increase is as a result of more detailed work

being taken forward on specific packages of work within the total project, which have been market tested. A review of the level of contingent sums has also been undertaken. Examples of where costs have increased include external works, site set up and construction costs. Hubco have confirmed that they are unable to deliver the project within the previously advised affordability cap.

To verify the cost increases the Board independently commissioned a professional Cost Advisor to review the project and give a view on the hubco stage 1 price. The Cost Advisor report detailed a total cost for the project at a similar level.

While discussions continue with hubco to reduce this difference, NHS Borders will also have dialogue with the GP Practice and the Scottish Ambulance Service, key stakeholders in this project. The Board is asked to support allocating up to £300k of additional capital to this scheme. This will allow NHS Borders to proceed on this critical project. The funds will be identified from a revision to the capital programme, a review of the design layout and alternate sources of funding. An update will be brought back to the Board in the new year.

To enable further progress to be made on the scheme and reduce the risk of the Board maintaining an empty building the Audit Committee recently approved the appointment of a contractor to demolish the former Scottish Ambulance Service Station on the site of the new build at Roxburgh Street. It is estimated that the demolition works will be completed during November and December 2015.

## Summary

Progress continues to be made on the replacement of Roxburgh Street surgery in Galashiels. An increase in costs since the affordability cap was agreed in February has been identified and as a result the Board is asked for agreement to flex the capital plan up to the level of £300k. This will allow this project to progress which is in line with the Board's commitment to replacing and supporting GPs as per the Primary Care Premises Programme. In the meantime work will continue to reduce this potential cost increase and it is anticipated the Board will received a finalised cost for the project in the new year.

## Recommendation

The Board is asked to:-

- **note** the progress made on the Roxburgh Street Replacement Surgery project
- **approve** flexibility in the capital plan up to the level of £300k to enable the replacement of Roxburgh Street Surgery to be progressed
- **request** an update with the finalised cost of this scheme at the Board meeting in February 2016.

<b>Policy/Strategy Implications</b>	Aligned to delivery of the approved capital plan
<b>Consultation</b>	Previous Board updates Stakeholder Involvement. Strategy Group and Capital Governance Groups
<b>Consultation with Professional</b>	n/a

<b>Committees</b>	
<b>Risk Assessment</b>	Delivery against required timescales and approved resources.
<b>Compliance with Board Policy requirements on Equality and Diversity</b>	Compliant
<b>Resource/Staffing Implications</b>	Project within identified Capital and Revenue resources of the Board with more detail provided in the paper

**Approved by**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Carol Gillie	Director of Finance, Estates & Facilities		

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