

Borders NHS Board



PRIMARY CARE PREMISES
MELROSE HEALTH CENTRE – UPDATE AND AWARD OF CONTRACT

Aim

To provide the Board with an update on the planned capital works at Melrose Health Centre and recommend the Board awards tender for the project as part of the agreed Board Capital Plan.

Background

The Board submitted a business case to Scottish Government with a view to securing capital investment in Primary Care early in 2016. This case was successful and in April 2016 £3m over 2 financial years was allocated to NHS Borders. A design team for Melrose was appointed early in 2016 to complete detailed design work with the project stakeholders. The detailed design work for the project was concluded and a market test exercise was completed, which resulted in tender returns ranging from £925k to £1,121k (excluding VAT) compared with a pretender estimated cost of £601k (excluding VAT).

The Board received an update on the above tender position at its Strategy and Performance Committee meeting on 19th January 2017 which noted the tender returns had exceeded the pre tender estimate and the level of resource available within the Capital Plan.

The Board requested a review of the scope of works with the aim of delivering the project within the resources available.

Review of Scope

The review of scope exercise has been completed and comprised of the following elements:

- Accommodation requirements
The Project Team Stakeholders have reviewed the accommodation requirements included in the initial brief given to the appointed design team and confirmed these remain a minimum requirement.

Alternative options of accommodation have been reviewed however these cannot give guarantee of delivery to specification and in timeline.

- Building and services specifications
The Board's Estates Team together with the Cost Advisor reviewed the building and services specifications included in the tender documentation against national health planning notes and local compliance requirements.

From the review of the above elements the Cost Advisor has issued a formal report which detailed a potential reduction of approximately £26k (excluding VAT).

The potential reduction to scope and price compiled from the review would be agreed with the preferred contractor as part of the award of tender process.

NHS Borders Capital Plan

The NHS Borders Capital Business Case for Primary Care Premises received confirmation of funding totalling £3m from Scottish Government to cover the identified Primary Care Premises prioritised projects of Eyemouth, Melrose, Knoll, Earlston and West Linton Health Centres. The funding was allocated to the Board over two financial years 2016/17 and 2017/18. The funding level approved by Scottish Government was based on the pre tender Cost Advisor estimates for each of the individual projects. Melrose returned a higher tender cost than estimated and a review of scope was commissioned. The outcome of the review of scope has been detailed in this paper. Following the output of the review work, discussions have taken place with Scottish Government who remain supportive of the aims of the overall programme and confirming additional resource of £0.9m to cover the increased market pricing. SG have confirmed they will work with the Board to phase the funds over financial years 2017/18 & 2018/19 in line with national and local capital plans.

Risks

The following risks which would result from not progressing with approval for the project have been highlighted as part of the work on the project:

Tender returns

The tender exercise contractor pricing was validated and agreement was reached with the contractors to hold this pricing until 9th April 2017. There is a risk that a delay to the award of tender would then result in a re-tender and the potential of market pricing increasing further.

Limits to the delivery of required services to the Practice population

The accommodation requirements for the project were defined and agreed following significant work with the project team stakeholders and the extension and reconfiguration works address the need for additional GP consulting rooms, increased clinical rooms, a new safe room and improvements to the size and layout of the reception area.

Pressure within the existing footprint and the ability to deliver the required services to the practice population will remain compromised should the project not be delivered.

Summary

Detailed design work has concluded on the Melrose Health Centre project as part of the approved Primary Care Premises Programme.

The extension and reconfiguration work required to Melrose Health Centre estimated a pre-tender cost of £610k excluding VAT, however submitted tender returns noted a lowest tendered price of £925k plus VAT. A review of scope has been concluded both by the project team stakeholders (accommodation requirements) and the Board's Estates Team (building and services specification) which identified limited potential to reduce the costs

whilst continuing to deliver the accommodation required in line with health planning note specifications.

Scottish Government have been updated on the current position for this project and remain supportive of the aims and have confirmed additional resource of £0.9m will be made available to the Board over financial years 2017/18 and 2018/19.

Recommendation

The Board is asked to:

Note the update on the Melrose Health Centre project.

Note the additional resources available from SG to cover the increased tender price returned for the project.

Award the tender for the extension and reconfiguration works to Melrose Health Centre to T Graham and Sons based on the revised scope and reduced cost as agreed with the appointed Cost Advisor.

Policy/Strategy Implications	Award of a construction contract in line with NHS Borders code of corporate governance
Consultation	Capital governance in place within NHS Borders
Consultation with Professional Committees	National and local procurement and local estates professionals
Risk Assessment	Affordability of project now within the Board's Capital Plan.
Compliance with Board Policy requirements on Equality and Diversity	Complete
Resource/Staffing Implications	None

Approved by

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