

New South Glasgow Hospital and New Children's Hospital Outline Business Case Progress Report

Board Paper

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Outline Business Case Update – New Southside Hospital and Children's Hospital

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Planning**

Recommendation

Board Members are asked to receive the progress report on the Outline Business Case (OBC) for the New South Glasgow Adult Hospital and New Children's Hospital.

1.0 PURPOSE OF THE PAPER

The purpose of the paper is to provide the Board with an update on the progress of the OBC, in particular: the scoping and design of the New Hospitals; financial modelling; and outcome of the Gateway Review and Planning Application.

2.0 BACKGROUND

The New South Glasgow Hospitals development constitutes phase two of the Acute Services Review (ASR) and is a key part of the plan to address pressures to change the way in which acute hospital services are delivered. The fundamental drive of the ASR strategy is to reduce the number of inpatient acute adult sites from six to three. Two sites, Glasgow Royal and Southern General, will have A&E and trauma facilities, with the third inpatient site at Gartnavel General. These acute sites will be supported by two Ambulatory Care Hospitals based at the Stobhill and Victoria sites. The Acute Services Review proposals were agreed by the Health Minister, Malcolm Chisholm, in 2002.

In April 2004, following consultation, the Health Board agreed a recommendation to reduce the number of maternity units in Glasgow from three to two by transferring services from the Queen Mother's (Maternity) Hospital (QMH), to maternity units on the Southern General and Glasgow Royal Infirmary sites.

To address concerns that the Children's services would be left isolated once maternity services moved from QMH, the then Health Minister committed to the development of a new Children's Hospital for Glasgow. A Clinical Advisory Group was established which was led by Professor Andrew Calder and reported in March 2006. It recommended that the new Children's Hospital be built on the Southern site to enable "triple location of services" co-locating the children's hospital with both maternity and adult services.

A project team has been working over the past 18 months to develop the Outline Business Case for the New Adult and Children's Hospitals. The following sections outline the progress to date.

3.0 PROGRESS TO DATE – INTERNAL FACTORS

This section describes: the key criteria considered in positioning the new hospitals on the Southern site; the factors considered in deciding whether to build the hospital as separate buildings or an integrated facility; the development of the public sector comparator; bed modelling undertaken to inform the scope of the hospitals; the associated works in support of the new hospitals; options for delivery and work undertaken on financial modelling to identify the optimum procurement model.

3.1 Key criteria in positioning the New Hospitals on the Southern Site

One of the key criteria in considering the site of the new hospitals on the southern site is the need to physically link the new adult and new children's hospitals with both the maternity and neurosciences buildings to allow ready access to a full range of paediatric services for both foetus in utero and new born babies, and to enable pregnant mothers access to critical care and other acute services. The link between Neurosciences Building and the New South Hospital will also allow rapid access for staff between both buildings, in particular the two critical care units

It is therefore proposed to build the two hospitals in the area between the maternity and the neurosciences buildings. There a number of buildings which currently occupy this site and there is a comprehensive plan to relocate all the services within the buildings to other locations to allow demolition and clearance of the site by 2010.

3.2 Build options – Separate Buildings or an integrated building?

An option appraisal was undertaken, which looked at the benefits, risk, costs and deliverability of building the hospitals separately or as an integrated building. The preferred option identified was an integrated build to capitalise upon: the clinical synergies; the lower risk of fewer contractors on site; decreased complexity of interface issues between the two buildings with better patient flows and streamlining of processes; better deliverability and lower build and running costs due to operational synergies

3.3 Design of the preferred option for the new adult and children's hospital – development of the PSC

3.3.1 Design Option

In developing the Public Sector Comparator (PSC), several key criteria were considered, these included achieving critical co-locations within the new buildings, need for separate distinct identities and separate entrances for both hospitals, desirability of minimal travel times throughout the building, linkage into the neurosciences, maternity and new Laboratory building, need to maintain existing hospital services during construction, availability of future expansion space and impact of the build upon neighbours.

Through consultation with technical Advisors and NHS stakeholders, a range of 5 options were initially reviewed, those which did not meet the full design requirements were deselected. Designs which did meet the full brief were then subject to further review and refinement until 3 preferred options emerged

An option appraisal was undertaken involving the design team, technical advisers, and NHS stakeholders. A tall (14 storeys) thin building as identified as the preferred configuration as it was most able to meet the above criteria.

3.3.2 Development of the Public Sector Comparator

Schedules of Accommodation were developed with the Clinical Sub-groups for both hospitals and the Board's technical advisors. Block Plans (1:500 layouts) have been designed for all hospital areas. Both the schedules and block plans have been 'clinically signed off' for the purposes of the Outline Business Case however, clinical re-design might lead to these being further developed during the next stage – albeit within the current cost envelope.

Ten key departments (5 in the new Children's Hospital and 5 in the new Adult Hospital) have been developed further to 1:200 designs. These departments have been broadly agreed as meeting the clinical needs of the departments, and further refinement will continue in the next stage of the project. The current PSC cost is based on the above work

3.4 Bed modelling to inform the size of the New Hospitals

NHS Greater Glasgow and Clyde (GGC) appointed CHKS (an independent clinical activity analysis service which the Board has worked with for a number of years) to undertake bed modelling exercises for both adult acute services across Glasgow and acute children's services.

In the 6 acute adult hospitals there are currently 3047 inpatient beds

The existing Royal Hospital for Sick Children (RHSC) has 271 beds. There are an additional 8 plus 10 beds (paediatric neurosurgery and acute adult beds) accessed by young people aged 0-15 across Glasgow that will require to be incorporated into the New Children's Hospital, giving a current total of 289 beds.

NHSGGC with input from CHKS, by incrementally applying the impact of improved performance rates, improved occupancy rates, and cognisance of predicted demographic changes, projected the bed models for adult and children's acute services.

3.4.1 Adult

In addition to the work undertaken by CHKS, modelling work has been undertaken on the future plans for 3 inpatient sites (at Glasgow Royal Infirmary, Gartnavel General Hospital and at the Southern General Hospital). Consideration has also been given to potential developments to specialist services in Glasgow and changes to patient flows from Clyde. This work has informed the potential bed configuration that supports the 1109 new inpatient beds in the New South Glasgow Adult Hospital.

As this is an iterative process the bed modelling work will continue and will be updated with a 2006/7 benchmarked position, which is currently being explored to consider the further levels of efficiency that could be implemented. This will be ongoing in the months and years ahead to ensure a continued focus on efficiency.

3.4.2 Children

CHKS recommended a bed model of 245 beds. However, consideration of additional efficiencies suggested a bed model of 240 beds. This will be reviewed throughout the planning stages of the project.

3.4.3 Conclusion

In conclusion, plans for the adult hospital include 1109 beds and an Emergency Department with the capacity for 110,000 attendances per annum. The hospital will function as an acute 'hot' site with an outpatient department serving the local population and a small medical day area. The surgical day case activity will take place at the New Victoria Ambulatory Care Hospital opening in 2009.

The 240 bedded children's hospital has Emergency Department capacity for 46,000 attendances per annum. The outpatients department will see an estimated 86,000 patients per annum and the day case facility an approximate 11,000 patients per annum.

3.5 Other associated works

There are a series of other capital works associated with the new hospitals, these will be delivered through the Health Board's ongoing capital plan but their construction will be co-ordinated with the building of the new hospitals.

3.6 Options For Delivering The New South Glasgow And Children's Hospitals And Associated Works On The Southern Site

Two options to meet the scope of the project have been under consideration, the options have been identified by the Board as Option 1 and Option 1(A). In reality option 1(A) is a re-scoping of option 1 because the cost of option 1 escalated beyond affordability. Both options provide the same scope for the new acute adult and children's hospitals. Option 1 represents a whole site new build solution whilst option 1(A) refurbishes some of the existing buildings in place of the new build provision.

3.7 Financial Modelling

The Board is working with its financial advisers, in close liaison with the Scottish Government, to determine the most appropriate procurement model to deliver the New Adult Acute Hospital and New Children's Hospital.

The three models being considered are Conventional Procurement (traditional design and build), Public Private Partnership (PPP) and Non-Profit Distribution (NPD). The work is anticipated to be complete by end January 2008 and will determine value for money of adopting the preferred procured method.

The business case will also seek to demonstrate the affordability of the preferred procurement method in terms of both capital and revenue resources.

4.0 PROGRESS TO DATE – EXTERNAL FACTORS

This section gives an outline of the progress to date on the Gateway review, the Planning Application, the Social Economic Benefits analysis undertaken to assess the impact of the new hospitals on the surrounding area and beyond and the ongoing relationship and work to be completed with the Scottish Government Health Directorate (SGHD).

4.1 Gateway Review

The New South Glasgow Hospitals project is subject to Office of Government and Commerce (OGC) Gateway Review. Projects which are considered mission critical or deemed to be high risk projects are required to go through the six stages the OGC Gateway Review Process.

The review is an independent assessment of the readiness to meet the next milestone in the process of developing business cases for acquisition and procurement projects. In doing this the review outcome highlights whether aspects of the project are red, amber or green (traffic light system). Red means that the project cannot proceed to the next milestone until the issues identified as red are addressed. Amber means that the recommendations identified must be completed before the next Gateway Review stage. Green means that the programme or project is in good shape but may benefit from uptake of any green recommendations to enhance the project.

The Southern General development has completed the Gateway Review Stage 1 which was carried out on 8th, 9th and 10th of January 2008. The review was carried out by a review team consisting of 2 Office of Government and Commerce Consultants led by William Harrod and two senior technical NHS Scotland managers. 18 colleagues across GGC were interviewed as part of the Review including clinical and staff side colleagues.

The outcome of the project was that no red recommendations were issued hence the OBC can be submitted to the Board and the Scottish Capital Investment Group. The five amber recommendations and one green recommendation will be addressed before the Gateway 2 review which is likely to take place in the summer.

4.2 Planning Application

The Outline Planning Application was submitted to Glasgow City Council on 13th April 2007. The application was considered at the Glasgow Planning Committee meeting held on 15th January 2008 and received conditional approval subject to Section 75 Legal Agreement.

4.3 Social Economic Benefits Appraisal

A social economic benefits analysis was carried out by SQW Consultants, funded by NHS Greater Glasgow NHS in partnership with a number of other contributors including Scottish Enterprise and Glasgow City Council.

The analysis looked at the potential impact on the immediate area around the Southern General site, the wider city of Glasgow and the Glasgow Metropolitan City Region. The analysis identified potential benefits within the following categories: economic, human and social, knowledge (e.g. research and development) and place.

In brief SQW have estimated that the future service configurations on the Southern General site will have a combined direct, indirect and induced economic impact of between £30 and £40 million on the South West Glasgow economy; between £110 and £140 million on city economy and between £240 and £290 million on Glasgow city region by 2012/13.

The capital projects commissioned to build the new hospitals site will support between 1,300 and 1,700 construction jobs per year for the six years between 2008/09 and 2013/14. Capital projects will support between 260 and 340 jobs per year in South West Glasgow and between 650 and 850 jobs per year in the rest of the City.

Opportunities for training and employment are significant and the new hospitals development has the potential to support collaboration between academic, public and private sector partners to realise opportunities in research and development, bio-medical and life sciences

In conclusion the Southern General development is seen as a catalyst for wider social and regeneration activity contributing to the creation of higher aspirations for the physical development of the local area

4.4 Ongoing relationship with the SGHD and work to be completed

Throughout the development of the OBC there has been an ongoing discussion with and support from colleagues at the SGHD at all times. It is anticipated that the final stage of the OBC, in particular the financial sections which will seek to confirm value for money and affordability, will be concluded by late January 2008.

5.0 TIMETABLE

The estimated timetable to achieve the appropriate approvals to enable the project to move to the delivery (procurement) phase is set out below.

OBC update to Board	5 th February 2008
Draft Final OBC to SGHD Capital Investment Group (CIG)	Early February 2008
Final OBC to Board	19 February 2008
CIG approval	Week commencing 26 th February 2008
Submit to Cabinet	Early March 2008
Final OBC Approval	End of March 2008

6.0 RECOMMENDATION

Board Members are asked to receive the progress report on the Outline Business Case (OBC) for the New South Glasgow Adult Hospital and New Children's Hospital.