

NEW STOBHILL HOSPITAL – DEVELOPMENT OF SHORT STAY AND ELDERLY REHABILITATION BEDS

Recommendation:

The NHS Board is asked to:

- approve the extension of the new Stobhill Hospital Ambulatory Care unit for the purposes of 23 hour beds and elderly rehabilitation beds.
- authorise the Chief Executive and Chief Operating Officer to conclude the negotiations with Glasgow Health Facilities Limited for the extension of the existing PFI agreement
- agree that the Board's Performance Review Group receive a paper on conclusion of the negotiations in order to approve the Board Additional Works Variation to the PFI contract.

1. INTRODUCTION

This paper seeks approval from the Board to proceed with the procurement of an extension to the New Stobhill Hospital Ambulatory Care Unit to accommodate 48 Elderly Rehabilitation beds and 12 x 23-hour surgery beds with associated support accommodation by incorporating additional accommodation in an extension to the new build.

The case is consistent with the Board's Acute Services Strategy for the Stobhill Hospital campus and would see the patient services provided from within modern fit- for-purpose clinical accommodation. The original strategy for the site was to accommodate these beds in the retained estate for a period of 3 to 4 years pending a later procurement of new build accommodation. The opportunity has arisen to revise this strategy in the context of the planned rationalisation of the Stobhill site by late 2010.

2. BACKGROUND

The plan will see the development of 23-hour surgery beds and elderly rehabilitation beds adjacent to the New Stobhill Hospital (NSH) in a new build extension. The clinical configuration of these services within the site, and clinical design within the building, is consistent with the development of new

and improved clinical care regimes for day surgery, endoscopy and elderly rehabilitation.

The NSH ambulatory care unit is presently under construction within the Stobhill Hospital site as a Public Finance Initiative (PFI) contract with Glasgow Healthcare Facilities Limited (GHFL). The construction of the new extension is proposed as a Board Additional Works Variation (BAWV) to the existing Project Agreement.

The capital cost of a conventionally procured building would be £17,600,000 including optimism bias. The anticipated capital cost of the additional accommodation through the proposed route is circa £16,500,000. It is intended that the full cost of the project will be met by adapting the existing PFI contract to accommodate the legal and financial requirements of this extension. The additional accommodation will be funded through an increase in the Unitary Charge for the premises.

It is intended that work will commence on the additional accommodation in July, 2009 and be completed within 17 months – December, 2010.

To allow this to happen the existing ITU at Stobhill Hospital will require to be relocated during construction and to achieve this, a modular ITU building, as specified by the clinical team, will be procured through the Board capital plan. In the context of the future plans for Stobhill Hospital acute services, the modular unit is designed in such a way as to be portable to an alternative site and the Surgical Directorate have confirmed that there is a future use for the accommodation as the Acute Strategy changes are implemented at the Southern General Hospital.

At the Board's request Glasgow Hospital Facilities Limited have submitted a design and financial model for the provision of the extension.

The design evaluation has been completed by the Board Technical Advisors, Currie and Brown and the clinical teams, and have confirmed that the proposal is consistent with the Board's clinical accommodation brief. Currie and Brown have also confirmed that the capital costs are consistent with the cost model developed by the Board as a public sector comparison.

The cost model proposed for the unitary charge is consistent with the original terms and conditions set in the PFI financial model and the Board Financial Advisers, Ernst & Young, have confirmed that the terms on offer are within a recognised benchmark. The precise financial terms will be determined at Financial Close for the project in early 2009. The Acute Services Operating Division have assessed the financial implication of the new build and determined that this is affordable within the Board's ASR cost envelope.

In conclusion, the proposed extension passes the Value for Money and affordability tests required and is legally possible under the terms of the existing contract with Glasgow Hospital Facilities Limited.

It is recommended that the Board approve the extension to the New Stobhill Hospital unit and authorise the Chief Executive and Chief Operating Officer to complete the transaction for the extension for submission to the PRG at the end of the 2008 calendar year.

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