MONKLANDS DISTRICT GENERAL HOSPITAL REPLACEMENT/REFURBISHMENT – INITIAL AGREEMENT

1. PURPOSE

This paper is coming to the NHS Board

☐ For approval  ☒ For endorsement  ☐ To note

The NHS Lanarkshire healthcare strategy “Achieving Excellence” was published on 2nd August 2016, and contains a keynote proposal to prepare a business case for a major new development to replace the existing Monklands Hospital, creating a modern infrastructure that will help to support implementation of the healthcare strategy through the redesign of service models for both hospital and community care.

The first step in preparation of a business case is the Initial Agreement (IA) document. The draft IA was endorsed by the NHS Board on 30th November 2016, and has subsequently been the subject of external scrutiny through the Scottish Government’s Gateway 1 process.

The NHS Board are asked to approve the submission of the IA to the Scottish Government Health and Social Care Directorate Capital Investment Group.

2. ROUTE TO THE BOARD

This paper has been:

☑ Prepared  ☐ Reviewed  ☐ Endorsed  ☒

The draft IA has been endorsed by the NHS Board (30th November 2016), and the final version approved by the Monklands Replacement/Refurbishment Project Board (17th January 2017).
3. SUMMARY OF KEY ISSUES

3.1 Business Case Process

An Initial Agreement is a high-level strategic document which sets out the need for investment in the proposal and seeks to demonstrate that this is a good thing to do. The five-case model (strategic, economic, commercial, financial and management) forms the basis for the business case process, as directed by the Scottish Capital Investment Manual (SCIM). The IA focusses largely on only the strategic elements of the proposal, and the management case in terms of the organisation’s readiness to proceed. The other elements are touched on but will be fully developed in the subsequent outline business case.

3.2 Strategic Fit

This Initial Agreement describes the proposals for a major investment in Lanarkshire’s hospital estate through either rebuilding or extensively refurbishing the hospital accommodation at Monklands District General Hospital (MDGH). The new hospital facility would provide between 400 and 500 beds and would be located either on the redeveloped current campus or on a new site within the hospital’s current catchment area (with the preferred option will be identified during the composition of the Outline Business Case).

The benefits to be achieved through this investment centre on meeting the objectives set out in the healthcare strategy “Achieving Excellence” which was subject to public consultation between August and November 2016. Achieving Excellence describes the changes to health and social care needed to meet the future needs of the population, and is the means by which Lanarkshire will implement the 2020 Vision for health and social care; National Clinical Strategy; and the 2020 Workforce Vision. The ambitions in Achieving Excellence are fully integrated with the strategic commissioning plans being prepared by North Lanarkshire Integration Joint Board and South Lanarkshire Joint Integration Board.

The current hospital accommodation is a product of 1960s design and 1970s construction techniques. The provision of sufficient space, and of sufficient quality, to develop and expand clinical services places limits on NHS Lanarkshire being able to meet its strategic objectives.

The initial agreement describes the ambition to shift care away from inpatient treatment to day case, day treatment, outpatient and community care. The current accommodation is a barrier to this due to chronic lack of space, ongoing risks to business continuity and limitations on what can be achieved within the current footprint. The strategy also describes pan-Lanarkshire development of further centres of excellence for trauma, orthopaedics, cancer, general surgery and for training and research: again the limitations of infrastructure at Monklands prevent these.

The hospital has been the subject of significant investment of £35m over 6 years in an attempt to maintain the highest possible quality of the environment and to mitigate risk to business continuity. However, there remain significant risks to the quality and effectiveness of services being provided in the current accommodation which cannot be mitigated entirely. The use of multi-bed rooms, lack of adequate toilet and shower facilities, the deterioration of the above-and below-ground drainage systems and the
limitations on in-patient fire evacuation are all current risks which this project would seek to eliminate. The entire building was constructed using asbestos containing materials, and so all building maintenance and adaptations take longer to complete and are more expensive due to the extensive control measures which need to be applied to ensure no contamination takes place.

The future service models for NHS Lanarkshire services— including the key planning assumptions—were endorsed by the public consultation process for Achieving Excellence.

The measurable investment objectives which are set out in the initial agreement reflect the collaboration with key stakeholders and the engagement with design professionals. These focus on:

- Improving person-centred services
- Improving the safety of patient care
- Improving clinical effectiveness and enhancing patient experience and clinical outcomes
- Improving the quality of the physical environment
- Providing flexible and adaptable facilities across the healthcare system.

3.3 Service Models and Options

NHS Lanarkshire and partner agencies will continue to develop the detailed clinical and service models which will significantly influence the design of the new facility through 2017. This process will allow a clearer picture of the specialties and support services which will be provided from each of the three DGHs and in the community-based locations over the period to 2025. The conclusions from this will allow the completion of an accommodation specification. However, there is sufficient information in the capacity/bed model for Lanarkshire to progress towards delivery options appraisal.

The initial agreement sets out a shortlist of 4 delivery options to be considered at outline business case stage. These have been derived from a long-list of 7 options which were evaluated on their ability to be delivered and their match to the business objectives.

A – do minimum (which cannot deliver the service model, and is for comparison only)
B- full refurbishment of current hospital (with two variants)
C – new-build on current hospital site (with two variants)
D- new-build on another site.

Each of the four options are described in terms of their pros and cons which included programme duration and potential costs. Whilst no preferred option has been identified from the four at this stage, there are significant differences in cost and programme between the two new-build options (C&D) relative to the refurbishment option (B).

A further options appraisal process will take place in 2017 to determine which of the shortlisted options should be taken through to the outline business case. The MRR Project Board will make recommendations to the Performance, Planning & Resources Committee later in 2017 as to how this appraisal may be conducted in accord with Treasury and SCIM guidelines.
The dependencies and risks associated with this project have been identified in the initial agreement, and these will be carried into the outline business case, alongside mitigation strategies for the project risks.

Based on advice from Scottish Government, the procurement strategy will be based on a traditionally funded capital allocation. The form of contract will be further considered in the outline business case.

### 3.4 Gateway 1 Review Delivery Confidence and Recommendations and other Changes to the Draft IA

The content of the draft IA was the subject of a Gateway 1 Project Review which took place on 9th-11th January 2017, conducted by the Scottish Government’s Finance Directorate Programme and Project Management Centre of Expertise (PPM-CoE).

The full Gateway review report is available on request. The report assessed the delivery confidence as “Amber” in recognition that the project is at an early stage and that there are a number of significant issues to be addressed as the initiative moves forward.

The specific recommendations were all accepted by the Project Board, which are:

- **R1** Review the list of risks in the IA to ensure it reflects the Risk Potential Assessment and has some categorisation and ownership of the risks.
  
  **Action:** This has been done and is reflected in the IA section 4.5 and Appendix 2.

- **R2** Clarify the key project roles for the next phase with full definition of accountabilities and responsibilities for each.
  
  **Action:** an updated, forward-looking project structure has been incorporated into the final IA, (section 6.3) and the implementation of this structure will be managed through the OBC phase by the MRR Project Board.

- **R3** Review membership of the Project Board to ensure it better reflects its strategic management and decision making remit.
  
  **Action:** the Project Board will consider the membership based on this Review recommendation and bring a revised membership plan for approval at the meeting of the Planning, Performance and Resources Committee on 1st March 2017.

Over and above those changes described above, the Commercial Case within the IA (section 6.1) has been improved since 30th November, with the inclusion of a proposal that a Development, Design and Construct contract is used for the next phase of the project.

The Project Design Statement has also been finalised, based on stakeholder workshops held during the course of 2016: this is referenced as part of the Design Quality Objectives (section 5.6) and is included as Appendix 3.

The final IA will be submitted to the Scottish Government Health and Social Care Directorate Capital Investment Group no later than 7th February 2017 for consideration at their meeting on 7th March 2017. The Project Board expects to be able to report on the conclusions from that submission in early April 2017.
4. **STRATEGIC CONTEXT**

This paper links to the following:

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<tr>
<th>Corporate objectives</th>
<th>☒ LDP</th>
<th>☒ Government policy</th>
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<td>Government directive</td>
<td>☐ Statutory requirement</td>
<td>☐ AHF/local policy</td>
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<tr>
<td>Urgent operational issue</td>
<td>☐ Other</td>
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5. **CONTRIBUTION TO QUALITY**

This paper aligns to the following elements of safety and quality improvement:

*Three Quality Ambitions:*

| Safe | ☒ Effective | ☐ Person Centred | ☒ |

*Six Quality Outcomes:*

| Everyone has the best start in life and is able to live longer healthier lives; (Effective) | ☒ |
| People are able to live well at home or in the community; (Person Centred) | ☒ |
| Everyone has a positive experience of healthcare; (Person Centred) | ☒ |
| Staff feel supported and engaged; (Effective) | ☒ |
| Healthcare is safe for every person, every time; (Safe) | ☒ |
| Best use is made of available resources. (Effective) | ☒ |

6. **MEASURES FOR IMPROVEMENT**

This is a keynote project proposal which will enable the delivery of significant elements of the NHS Board’s healthcare strategy.

7. **FINANCIAL IMPLICATIONS**

Costs associated with the proposal will be further developed in the outline business case stage, through 2017/18.

The direct costs in preparing the Initial Agreement are £150,000 and are included within the Capital Plan for 2016/17.

The direct costs of preparing the outline business case will be incorporated into the Capital Plan and LDP for 2017/8.

8. **RISK ASSESSMENT/MANAGEMENT IMPLICATIONS**
The initial identification of risks associated with this proposal are described in Risk section of the IA (section 4.5 and Appendix 2).

9. **FIT WITH BEST VALUE CRITERIA**
This paper aligns to the following best value criteria:

<table>
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<th>Vision and leadership</th>
<th>☒ Effective partnerships</th>
<th>☒ Governance and accountability</th>
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<tr>
<td>Use of resources</td>
<td>☒ Performance management</td>
<td>☒ Equality</td>
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<td>Sustainability</td>
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10. **EQUALITY AND DIVERSITY IMPACT ASSESSMENT**

An EDIA has been completed for the work so far, and submitted to the Scottish Health Council. This will be regularly reviewed and updated throughout the Project, and is available on request.

11. **CONSULTATION AND ENGAGEMENT**

Consultation and engagement (current and future) is described the section 3.1 and Appendix 1 of the Initial Agreement.

12. **ACTIONS FOR THE NHS BOARD**

The NHS Board are asked to:

<table>
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<tr>
<th>Approval</th>
<th>☒ Endorsement</th>
<th>☐ Identify further actions</th>
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<tr>
<td>Note</td>
<td>☐ Accept the risk identified</td>
<td>☐ Ask for a further report</td>
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The members of the NHS Board are asked to:

1. **approve** the submission of the Initial Agreement to the Scottish Government Health and Social Care Directorate Capital Investment Group for their meeting on 7th March 2017; and
2. **agree** to request a report on the outcome of that submission when available.
13. **FURTHER INFORMATION**

For further information about any aspect of this paper, please contact:

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17th January 2017