



# **Estates and capital projects quarterly update**

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**Board of Directors Meeting**

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**Action for Board:**

- For information
- For consideration ✓
- For decision

## **Estates and Capital Projects quarterly update**

### **1. Executive Summary**

The board receives regular updates on the progress of major capital projects, and this report includes a report on the Moorfields @ Northwick Park hospital expansion project, and updates on the two significant projects currently under construction; namely the:

- City Road backlog maintenance programme; and
- City Road refurbishment projects.

Following the successful completion of the final phase of the Northwick Park expansion project, outpatient services commenced in the new accommodation on Thursday 19<sup>th</sup> April and theatre activity started on Friday 11<sup>th</sup> May.

The formal Post Project Evaluation is now in final draft for approval.

A final settlement has been successfully negotiated with the contractor (BWI) removing any further risk to the Trust from possible adjudication.

The backlog maintenance rolling programme continues and the first tranche of the refurbishment projects, as previously reported, have now been handed over.

The main patient lift refurbishment is 50% complete.

The second tranche of schemes are currently under construction:

- Theatre backlog works; and
- Cumberlege ward refurbishment & backlog works.

Large under-estimations of pre-tender estimates for trust budgets, by the advisory team, have created major cost tensions across all these projects

The pilot to develop an improved service model for the provision of estates maintenance services at satellite sites has been extended for 6 months, allowing time for a proper tendering process under a suitable maintenance framework.

This report also includes consideration of projects which fall below the threshold for board approvals as these illustrate the scale of planned developments, and demonstrate the delivery of the estates strategy as an enabler to Our Vision of Excellence across satellites and at City Road.

The report also includes some developments which do not entail direct capital expenditure, but are estates related in that they involve contractual issues relating to our occupancy at host hospitals.

Future reports will include other noteworthy matters from across the Estates & Facilities directorate; for example, progress on telecommunications issues.

## **2. Satellites**

### **a) Estates maintenance strategy for satellite sites**

The responsibility for estates maintenance for satellite sites, and the quantum of services, varies from one location to another with a full range from the landlord (host hospital) providing all, some or no maintenance, with the City Road estates department directly supporting a number of sites. This inconsistent approach is confusing for operational staff, and is not an efficient or effective means of providing such a key service.

The pilot to improve the service model, designed to provide a consistent fit-for-purpose maintenance service at the level required for each individual site, is underway and the pilot period has been extended - this consists of Lorne Stewart, an accredited contractor, providing the estates maintenance service for Moorfields @ Northwick Park and St Ann's for a further 6-month period. During the pilot, a formal tender process for the supply of the planned maintenance services at these two sites will be undertaken with the flexibility to add our other satellite sites. This will provide a clear and transparent schedule of rates for technical staff, e.g. electricians, plumbers, carpenters etc., such that any ad hoc emergency maintenance works required would also be managed through this contract

This model of service provision will also have the ability to expand at agreed rates, as new sites are opened, or to shrink as leases are released.

The contract will report to and be managed through the Estates & Facilities directorate, and will ensure greater visibility on our performance through robust KPIs and more transparent pricing and service regimes.

### **b) Moorfields @ Northwick Park**

An informal event to celebrate the completion of the project took place on 1<sup>st</sup> August, with an official opening planned autumn / winter.

The board of directors met at Northwick Park on 4<sup>th</sup> October.

The trust waited for the completion of the contractual 6-months post-practical completion period for the contractor (BWI) to furnish further paperwork surrounding the loss & expense claim. An options paper, reflecting the possible outcomes and risks of going to adjudication, was developed in readiness for final negotiations; and a without prejudice offer was made at £3.4m for full and final settlement. Following further negotiations, and the issue of written correspondence, the trust has gained agreement from the contractor to settle at the above sum. A final letter has now been issued, and this has been signed and returned by the contractor.

This settlement has removed a possible £700k risk should adjudication have been awarded against the Trust.

The formal Post Project Evaluation (PPE) is now in final draft, and will be submitted to the relevant committees for discussion and approval in due course.

Estates are now progressing the specification for the installation of medical gas systems, negotiating with the host hospital as the most cost efficient delivery method is to use their systems. This will enable general anaesthetic surgery to be offered at NWP.

**c) Moorfields @ Ealing**

The formalisation of the trust's existing occupancy at Ealing Hospital has not advanced as management teams have been engaged with the merger with North West London Hospitals NHS Trust, and the West London acute hospitals reconfiguration may impact on service provision at Ealing and Northwick Park. However, the directors of the merged organisation have now been appointed and there are some indications that progress may be possible. A meeting with Ealing senior management is scheduled for 19<sup>th</sup> October.

**d) Moorfields @ St George's Hospital**

Several meetings have taken place with St Georges to discuss the physical estates solutions, funding mechanisms and affordability of the joint plans to enable the vacation of Duke Elder ward through the delivery of a new surgical building and an enlarged outpatient department. An oral update will be provided at the board.

**e) Moorfields @ Bedford**

A productive meeting took place with the Chief Executive of Bedford Hospital on 24<sup>th</sup> September. An oral update will be provided at the board.

**f) Moorfields @ St Ann's**

This project enabled the vacation of the separate outpatient accommodation, developing an integrated location for the provision of all Moorfields services whilst improving the environment within the existing day surgical facility, and delivering savings in rental charges.

The scheme was split into two phases:

- Phase 1, primarily consisting of minor works around the theatres delivered during a two week shut down, was completed to programme in January; and
- Phase 2, the main twelve week reconfiguration programme was completed in June, with outstanding snagging items completed in August.

The recent CQC inspection at St Ann's was a positive validation of these works.

**g) Moorfields @ Potters Bar**

The lease, licence and SLA for our Potters Bar accommodation are nearing finalisation.

Potters Bar forms part of our proposed service model developed in response to NHS Hertfordshire's Any Qualified Provider tender, and is a key site in terms of providing additional theatre capacity and growing our market share.

#### **h) Moorfields @ Mile End**

Mile End was under considerable pressure due to the landlord's requirement to relocate our services off-site, while all asbestos pipe lagging was removed. A number of meetings with the landlord's project managers have secured an agreed suitable safe phased move within the same building; ensuring patients do not have to visit another location for treatment – whilst this is not an ideal situation this does represent the best workable option minimising disruption. Completion is programmed for the end of January 2013.

Mile End also represents a key site in terms of providing additional theatre capacity and growing our market share, and Management Executive recently approved an initial investment, and a methodology for future expansion at other sites, to utilise additional theatre sessions.

### **3. City Road Hospital – backlog maintenance and refurbishment projects**

As previously reported, there have been difficulties with cost advice to these works; the advisor's pre-tender estimates have been considerably outside the final outturn cost for all backlog and refurbishments projects - this has led to considerable efforts by the trust to contain costs whilst maintaining a deliverable programme, and has resulted in a decision not to proceed with the existing advisors for any future backlog or refurbishment works on completion of contract 2 (the theatre and Cumberlege projects). Negotiations are underway to conclude the final account with the advisors.

Additionally, the trust's estates department has been addressing significant numbers of the smaller, discrete backlog maintenance issues through its minor works programme.

The overall programme and scope of works will be adjusted to ensure that expenditure remains within the approved affordability envelope.

#### **a) Patient lifts**

Lift 5b was handed over as on 8<sup>th</sup> October, and works to lift 5a have started with the aim to reach handover in December 2012 as per the original programme.

#### **b) Contract 1**

Neilcott Construction was appointed to deliver the "Contract 1" package of works as follows:

- (former) Victoria Ward reconfiguration (including associated backlog maintenance) to enable the transfer of VRE and Ultrasound – 2 month programme; and
- Ocular prosthetics refurbishment (including associated backlog maintenance) – 4.5 week programme.

Works commenced on 11<sup>th</sup> June and are now completed, with clinical services operating in the refurbished facilities.

Final accounts being negotiated

### **c) Contract 2**

“Contract 2” of the City Road projects consists of the Cumberlege ward refurbishment (including associated backlog maintenance), and the backlog maintenance works to the 1<sup>st</sup> floor relating to theatre ventilation and fire safety works.

The works within the theatres are a critical path item, as the access and phasing plan had to fit within a complex schedule of existing shut-downs, the Olympics, annual leave commitments and surgical activity. These works commenced at the beginning of August.

S.W. Bruce, the selected contractor, was appointed following shortlisting, interview, and post-tender negotiations; and the works to theatres have progressed well, after a difficult start, given the operational difficulties – it is noteworthy that the theatre service has been instrumental in facilitating the works. The expected completion date is November.

The initial delivery of the Cumberlege project was somewhat slower than anticipated; however progress has been made with an expectation to reduce the timeline for all subsequent phases. The expected completion date is December 2012.

### **d) Contract 3**

“Contract 3” of the City Road projects consisted of the following:

- Orthoptics remodelling (including associated backlog maintenance); a 3 month plus programme originally planned to commence in September; however, having received a price from the contractor delivering package 2, it is clear that this scheme cannot be delivered within the existing budget envelope – a value engineering exercise is in progress and a revised estimate will shortly be presented to the Capital Planning and Oversight Group for consideration.
- Lower ground floor backlog maintenance;
- Hospital-wide fire alarm upgrade;
- Electrical testing programme; and
- Health & Safety works, predominately in plant / estate areas.

The contract 3 backlog maintenance works above that have not been completed, excluding Orthoptics, are all being reviewed with our fire and safety consultants to ensure affordable compliance and will be moved into the next year’s backlog works as identified below.

### **e) 2013/14 backlog maintenance programme**

Planning for next year’s programme continues; however the key items identified are:

- Fire strategy – completion of any outstanding works;

- Facades – additional structural safety works;
- Flat roofs – further remedial works; and
- Access and way-finding – Disability Discrimination Act (DDA) audit, improvements to signage, and completion of visual identity resigning project.

#### **f) A&E refurbishment**

The refurbishment and expansion of the A&E department is a much awaited development for this key service. Following the completion of the Cumberlege refurbishment project in early December, the former 4th floor hostel will be converted to become the new location for the observation bay - this will co-locate all patients staying overnight in the hospital within one area. The A&E department will then expand into the former observation bay area, providing much needed additional capacity for the continuing increases in A&E attendances as more patients are referred to us by hospitals that are closing their ophthalmic accident services. Finally, the existing A&E department will be refurbished, improving patient flows and enhancing the staff and patient environment. The estates department have already started the procurement processes and will shortly appoint the design team for these works. The current programme envisages the project starting in late January and all phases should be complete by the summer.

The final design and costing for this project will progress once a new principal consultant has been appointed. This is planned to take place by 17<sup>th</sup> October, with Employers Requirements, Room Data Sheets and Final Plans to follow.

#### **g) RDCEC – Server Room Project (IT)**

This scheme involves creating a central IT Server Room hub located within the RDCEC basement. This scheme is planned to be completed by early November.

On completion, IT can undertake all outstanding works related to server cabinet and associated equipment installation.

This project represents a key component in our IT resilience, and the delivery of the recently approved informatics strategy.

## **4. Conclusion**

The board is asked to consider the progress made in the development and delivery of capital projects during the quarter.

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