

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 8th FEBRUARY, 2006

NORTH WEST KILMARNOCK PRIMARY CARE NEIGHBOURHOOD SERVICES CENTRE – UPDATE

Report by Chief Executive

1. PURPOSE OF REPORT

- 1.1 To apprise Committee of the progress which has been made in respect of the establishment of the new North West Kilmarnock Primary Care Neighbourhood Services Centre and of additional funding awarded to facilitate an extension of the project in respect of dental services by the Scottish Executive.

2. BACKGROUND

- 2.1 Members will recall that following various committee reports and decisions the Council determined to collaborate with Ayrshire and Arran Health Board to take forward the ambitious proposal to develop a comprehensive new Health/Council/Community facility in North West Kilmarnock at a site which lies between Western Road and Ardbeg Avenue. The agreed concept was for the construction of a new development which would incorporate and enhance existing health and Council facilities at the Health Board's Ardbeg Clinic and also at the Hunter Centre.
- 2.2 At the outset and following the adoption of legally compliant procurement processes, professional advisers were appointed in respect of the design element of the project. After the relevant statutory consents were obtained, an additional tendering exercise was undertaken to appoint a contractor in respect of construction. In addition, significant amounts of work pertaining to the stability of the site also required to be carried out as a consequence of the presence of extensive historic mine workings. Upon satisfactory completion of these preliminary works the principal construction contractor, Barr Construction Limited, commenced on site in the Spring of 2005.

3 DEVELOPMENT PROGRESS

- 3.1 At the inception of the project a Project Board (chaired, initially by the Council's Chief Executive and now the Depute Chief Executive/Executive

Director of Corporate Support, but with membership drawn from both the Health Board and the Council, was created with the overall remit of implementing and delivering the project within its allocated budget. A Project Team, subordinate in nature to the Project Board, was also instituted which effectively undertakes the day to day management of the Project. In an effort to ensure that appropriate scrutiny of the project's progress takes place, the Project Board meets on a monthly basis to receive and consider reports on all aspects of the development ranging from progress of the physical development of the project to the proposals for future management of the ongoing daily operation of the fully commissioned facility.

- 3.2 At the meeting of the Project Board on 12 January 2006 it was reported that the current anticipated completion date for the construction phase is mid August 2006 which is five weeks behind the originally agreed schedule. However, this delay is not regarded as being of any major detriment to the Project as a whole.
- 3.3 In financial terms, the existing projected expenditure for the Project is £7.14 million. The main construction contract has an anticipated value of £5 608 986. This amount contains an unapplied contingency and day work allowance of £111 130 which is regarded as being within acceptable financial parameters for projects of this scale. It is however anticipated that this sum will require to be expended prior to completion of the project. Overall, the Project is proceeding within budget and financial issues will continue to be closely monitored by the Project Board.
- 3.4 The Council's VAT advisor, Pricewaterhouse Coopers, is continuing to seek agreement with HM Revenue and Customs of the preferred VAT treatment of the funding contribution from Ayrshire and Arran Health Board towards the project. It is anticipated that a final decision in this respect will be issued by HM Revenue and Customs within the next three weeks.
- 3.5 Work is now also being taken forward in relation to the commissioning programme for the facility upon conclusion of the construction phase. This has necessitated a significant level of collaborative working between Council officers and Health Board staff given the comprehensive range of services which will be provided from the facility. In addition to the preparation and agreement of schedules of accommodation this process has also been marked by efforts to fully engage staff and future users alike in consultation.
- 3.6.1 At this stage in the project, all matters pertaining thereto are therefore proceeding in an appropriate and acceptable manner. However, a recent additional allocation of funding from the Scottish Executive will necessarily

result in a number of alterations to the original project plan prior to completion of the ongoing construction phase.

4 THE “TEACH AND TREAT” FACILITY

- 4.1 On Friday 20 January, the Scottish Executive announced the allocation of additional funding for the project in the sum of £1.4 million. This funding has been awarded to Ayrshire and Arran Health Board to facilitate the enhancement of dental services within the Project. Consequently, the construction phase of the Project will require to be realigned to provide for an additional six dental surgeries together with accommodation for support staff. In conceptual terms it is proposed to add such additional accommodation to the existing dental suite proposals, subject to the appropriate statutory consents being obtained.
- 4.2 The scale of the extension of the dental suite at the facility will undoubtedly result in a significant improvement in the availability of dental services in the area. In addition, this will also complement Ayrshire and Arran Health Board’s commitment to supporting outreach undergraduate teaching from Glasgow Dental School by providing pre-qualification and post-qualification training facilities for students.
- 4.3 However, in order to facilitate the enlargement of the development while in its current partially completed state appropriate contractual arrangements will require to be entered into. Accordingly, it is intended to initiate urgent contract extension negotiations with both the range of professional advisors appointed at the outset and also the main contractor, Barr Construction Limited. Subject to agreement of appropriate terms, such negotiations will legitimately avoid the necessity of any additional procurement procedures.

5 LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the contents of this report.

6 FINANCIAL IMPLICATIONS

- 6.1 Other than to note the award of additional funding for the project by the Scottish Executive, there are no financial implications arising from the contents of this report.

7 RECOMMENDATIONS

7.1 It is recommended that committee:-

- (i) note that the development of the North West Kilmarnock Primary Care Neighbourhood Services is proceeding as outlined above; and
- (ii) note the award of additional funding of £1.4 million for the enhancement of dental services;
- (iii) endorse the proposal to negotiate with existing contractors in respect of the consequent variation to the various construction contracts; and
- (iv) otherwise, note the contents of this report.

Fiona Lees
Chief Executive

31st January, 2006

Members wishing further information should contact Fiona Lees, Chief Executive on Extension 6103

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