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Richard Leonard MSP  
Convener  
Public Audit Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

16 October 2024

Dear Mr Leonard

## **Infrastructure Investment – Major Capital Projects Progress Update**

This material provides the Public Audit Committee with the latest report on the progress of Major Capital Projects for the period to August 2024.

The Major Capital Projects Progress Update provides information on the latest progress of major projects, and in line with discussions that officials have been having with the Committee clerks, a table is attached at Annex A which sets out where there have been changes to project costs or timeline since the previous update. Officials in Infrastructure Division will continue to work with the clerks to make ongoing improvements to the clarity and accessibility of our reports.

As I set out in my letter of 14 June, the Scottish Government has published the latest Major Capital Projects Progress Update as well as the Infrastructure Investment Plan Progress Report for 2023-24. These can both be found at <https://www.gov.scot/policies/government-finance/infrastructure-investment/#plan>.

As with the previous Major Capital Projects Progress Update, we have not published the Major Capital Projects Pipeline or the Major Capital Programmes Pipeline. The content of both these documents are dependent on the outcome of the UK Spending Review, and the impact that will have on our reset of the Infrastructure Investment Plan pipeline. The Cabinet Secretary has recently written to both the Finance and Public Administration Committee and the Public Audit Committee confirming that that reset will now be published after the UK Spending Review in Spring 2025.

### Key points on the progress update

The Committee will see that just over half of the projects included within the Major Capital Projects Progress Update have been adjusted since the January 2024 update. These are all listed in Annex A along with the reason for the variance. As in our previous report, although inflation is still one of the main factors for cost increases, other causes include rework, additional contractor costs and the outcome of market testing. In relation to time

delays, we are now seeing a range of reasons which include design reviews and rework, unforeseen construction site difficulties, funding solutions, and issues relating to fuel systems, technical commissioning, health and safety, and installations.

### Wider infrastructure developments

The Infrastructure Investment Plan annual report highlights the work taken forward by the Construction Leadership Forum to ensure Scotland's construction industry is well placed to deliver the infrastructure the country needs.

The Scottish Government, with the support of the Scottish Futures Trust, have established the Planning, Infrastructure and Place Advisory Group (PIPAG). The group is helping to drive forward joined up, place-based delivery of development and infrastructure in Scotland. Further details can be found at <https://www.gov.scot/groups/planning-infrastructure-and-place-advisory-group/>

The latest information relating to the diverse pipeline of projects within the Scotland-wide hub programme can be found on the Scottish Futures Trust's website at [hub Programme - Workstreams - Scottish Futures Trust](#)

I thank the Committee for their interest and hope that members find this update helpful. I am copying the update to the Clerk of the Economy and Fair Work Committee, the Clerk of the Finance and Public Administration Committee and the Auditor General for Scotland for their information. The update reports provided to the Committee will also be published on the Scottish Government website.

Yours sincerely

**ALYSON STAFFORD**

## Annex A: Infrastructure Investment Plan 2021-22 to 2025-26 - Major Capital Projects Progress Update

### Project 'cost' and 'time' variances

The following information relates to projects with a capital value of £5 million or more which are at the Outline Business Case (or equivalent) approved stage or beyond.

The information mainly comprises projects included at Annex D of the Scottish Government's [Infrastructure Investment Plan](#) published in February 2021 and other infrastructure projects which have been commissioned since then.

The majority of information reports the position as at August 2024.

The following table contains details of project 'cost' and 'time' variances between the December 2023 and August 2024 Major Capital Projects Progress Updates.

| Project  | Status          | Cost Increase                | Delay  | Reason   |
|--|-----------------|------------------------------|--|--|
| A9 Dualling Tomatin to Moy   | In Construction | £54m                         | N/A  | Takes into account contract award price.   |
| Markle Level Crossing Bridge Replacement                                       | In Construction | £0.9m                        | 4 months                                       | Impact of inflation / unforeseen difficulties with construction site.                                      |
| CMAL - Two new 100 metre ferries   | In Construction | £30.1m including contingency | Vessel 801 - 5 months<br>Vessel 802 - 4 months | Rework, contractor cost, inflation / issues with outfit and commissioning of Liquefied Natural Gas system. |
| National Waiting Times Centre Board - Hospital Expansion Programme - Phase 2   | Operational     | N/A                          | 6 months                                       | Handover late due to technical commissioning issues.   |
| NHS Ayrshire & Arran - Foxgrove (National Secure Adolescent Inpatient Service) | In Construction | N/A                          | No confirmed date.                             | Significant number of quality and health and safety items were raised with Principal Supply Chain Partner. |
| NHS Grampian - Aberdeen Baird Family Hospital and ANCHOR Centre                | In Construction | N/A                          | Dates still uncertain.                         | Ongoing buildings design review.   |
| NHS Forth Valley - National Treatment Centre                                   | In Construction | N/A                          | No confirmed date.                             | Construction issues due to incorrect installation of pipework and risks in                                 |

|   |  |        |            |  |
|---|--|--------|------------|--|
|   |  |        |            | relation to fire compliance measures.  |
| NHS Greater Glasgow and Clyde - Radionuclide Dispensary | Outline Business Case (or equivalent) Approved | £0.5m  | 4 months   | Outcome of market testing period.  |
| Dunfermline Learning Campus (College element)           | In Construction                                | £23.5m | 5/6 months | High inflation / Fife College's consideration of options to manage increased costs.                                  |
| HMP Highland  | In Construction                                | £69.8m | 3 months   | Increases in various work packages and additional contractor prelim costs / delay in receiving final contract price. |

# **Infrastructure Investment Plan 2021-22 to 2025-26**

**Major capital projects progress  
update (August 2024)**

## Major capital projects progress update

**The following information relates to projects with a capital value of £5 million or more which are at the Outline Business Case (or equivalent) approved stage or beyond.**

The information mainly comprises projects included at Annex D of the Scottish Government's [Infrastructure Investment Plan](#) published in February 2021 and other infrastructure projects which have been commissioned since then. The majority of information reports the position as at August 2024. All projects are capital grant funded unless otherwise stated.

In the reports relating to activity in the financial years 2021-22 and 2022-23, cost increases have been driven by higher than expected levels of inflation (construction prices are 23% higher in June 2024 than pre-COVID levels), and delays in projects have been down to supply-chain issues and labour shortages. All of which have been principally driven by a combination of the recovery from COVID-19, Brexit and the war in Ukraine. In this latest report, although inflation is still one of the main factors for cost increases, other causes include rework, additional contractor costs and market testing outcome. In relation to time delays, we are now seeing a range of other reasons which include design reviews and rework, unforeseen construction site difficulties, funding solutions, and issues relating to fuel systems, technical commissioning, health and safety, and installations. **All planned dates and costs in this update are best estimates and may subsequently be subject to further adjustment.**

The UK Government did not inflation-proof their Capital Budget and between 2022-23 and 2024-25, we saw a 2.5% real-terms reduction in the Scottish Government's capital grant, equivalent to a cumulative reduction of around £140 million. The allocation of financial transactions (FTs) has been cut by over 60% from £466 million to £176 million over the same period. Our latest forecasts show an 8.7% real-terms cut in our capital funding between 2023-24 and 2027-28 (a cumulative reduction of £1.3 billion over the period) significantly impacting our ability to afford our capital commitments. This outcome, alongside the construction supply chain issues, labour shortages and high inflation, means that we cannot progress all of our previously planned capital projects within the funding available at the rate planned when fiscal and industry conditions were quite different to how they are today.

We remain firmly committed to infrastructure investment as a key factor in securing economic growth and high-quality public infrastructure across Scotland. Unless, and until we receive a higher level of funding from the UK Government, the Scottish Government will have to continue making tough decisions to reprioritise our infrastructure projects pipeline to ensure we spend within our means. These decisions are, in part, reflected in our reporting given that in the previous December 2023 update, we highlighted that a number of planned projects in the NHS Recovery, Health and Social Care portfolio will be re-assessed as part of a strategic review and the timing of capital investment rephased in line with future funding availability.

Given the worsening outlook for capital which was set out in the UK Government's Spring Statement on 6 March 2024 and associated Office for Budget Responsibility's forecasts, future prospects are unclear, and it is more challenging to plan too far ahead across the board. More information will be needed, both from the next UK Government Autumn Budget on 30 October 2024 and their Spending Review expected in 2025. Scotland's Budget and infrastructure plans are largely funded by Barnett consequential in the Block Grant and so the lack of a forward trajectory from the UK Government directly impacts on the Scottish Government's ability to

prepare meaningful multi-year capital allocations and to refresh the infrastructure investment pipeline. We had intended to revisit the multi-year capital outlook as part of the next Medium Term Financial Strategy (MTFS) during spring/summer 2024 and to provide information on how investments support wider government goals in an updated infrastructure investment pipeline. However, due to the UK general election and the need to respect the pre-election period, these plans had to be delayed. The Scottish Government welcomes the commitment from the incoming UK Government to a Spending Review in 2025 which we expect to provide a forward indication of capital funding for Scotland. The Scottish Government is now planning to publish a revised infrastructure investment pipeline after the UK Government's multi-year spending review has concluded next Spring.

## Sector: Transport

### Project: A9 Dualling Tomatin to Moy

**Business case approved stages:** Third project phase of A9 Dualling programme involves approximately six miles (9.6km) of online widening of existing single carriageway to an all-purpose dual carriageway, extending from existing dual carriageways to the south of Tomatin and to the north of Moy. The original Outline Business Case (OBC) outlined that the project was estimated to cost £197 million and was planned to be operational in December 2025.

Parliament was advised on 8 February 2023 that the project was to be revised following a decision not to make an award under the initial procurement (as reported in March 2023 update). An updated OBC was approved in August 2023 which outlined that the project was estimated to cost £254 million and was planned to be operational in the second half of 2027. The Full Business Case (FBC) approved in July 2024 outlines that the project is estimated to cost £308 million and that it is planned to be operational by the end of 2027.

**Progress at December 2023:** The updated OBC was approved in August 2023 and the project was advertised to the market on 5 September 2023, the same day that Parliament was advised of this decision. The OBC outlines that the project is estimated to cost £254 million and that it is planned to be operational in the second half of 2027.

The increase in the revised OBC cost is linked to inflationary effects and the cost of the change in contract strategy following the decision not to make an award under the previous procurement. It is estimated that the earliest possible contract award, subject to no unforeseen circumstances, will be early summer 2024.

**Progress at August 2024:** Following the conclusion of the procurement competition, the FBC was approved on 5 July 2024. The Preferred Bidder, Balfour Beatty Civil Engineering Ltd was announced on 9 July 2024 and the contract formally awarded on 30 July 2024.

The final tender price was £184.7 million, resulting in a total forecast project cost of £308 million (at Q2 2024 prices). This is an increase to that in OBC and what was previously reported and takes into account the contract award price, which is now known. The cost of the project will continue to be monitored and updated as construction works progress and risks materialise and/or diminish. The project is planned to be operational by the end of 2027.

**Contact for public enquiries:** email: [info@transport.gov.scot](mailto:info@transport.gov.scot)

### Project: A9 Dualling Tay Crossing to Ballinluig

**Business case approved stages:** The fourth phase of the A9 Dualling programme, the 8.2km trunk road from Tay Crossing to Ballinluig is being upgraded to an all-purpose dual carriageway as part of a wider programme to dual the A9 between Perth and Inverness. The OBC outlines that the total project cost will be £222 million (at April 2023 prices) with the



construction contract cost estimated at £155 million (at Q2 2025 price base) and that the project is planned to be operational by the end of 2028.

**Progress at December 2023:** N/A

**Progress at August 2024:** The OBC was approved in May 2024 and the project is now in procurement. The OBC outlines that the total project cost will be £222 million (at April 2023 prices) with the construction contract cost estimated at £155 million (at Q2 2025 price base) and that the project is planned to be operational by the end of 2028.

**Contact for public enquiries:** email: [info@transport.gov.scot](mailto:info@transport.gov.scot)

## **Project: Levenmouth Rail project**

**Business case approved stages:** Scheme will re-open the disused rail line between Thornton junction and Leven in Fife, providing new passenger rail services to connect the Levenmouth area to Fife, Edinburgh, and the wider rail network. The OBC was predicated on a cost estimate of £70 million and project was estimated to be operational by December 2023. The FBC was predicated on an anticipated final cost of £116 million and an estimated operational date of spring 2024 (as reported in March 2022 update, the approved FBC reflected an expanded scope and additional investment).

**Progress at December 2023:** No change to cost since the last report.

The construction of the project is progressing well, and driver training is commencing in January 2024. The operational start date is now June 2024. This is in line with the national operational timetable change date. An interim timetable of one train per hour will be introduced on operational start date due to rolling stock availability and engagement is ongoing with ScotRail (via Scottish Rail Holdings) to deliver the full timetable and FBC requirements of two trains per hour.

**Progress at August 2024:** No change to cost or timing since the last report.

The project became operational on 2 June 2024. An interim timetable of one train per hour was introduced at operational start due to rolling stock availability and engagement is ongoing with ScotRail and Scottish Rail Holdings to deliver the full timetable and FBC requirements of two trains per hour in 2025. One active travel footbridge was unexpectedly delayed, with its manufacturer going into administration. For station opening a temporary footpath was installed and the new active travel footbridge construction is planned for September 2024. Cost reviews will continue until all works are complete.

**Contact for public enquiries:** email: [info@transport.gov.scot](mailto:info@transport.gov.scot)

## **Project: East Kilbride Rail Enhancement**

**Business case approved stages:** Project is part of the East Kilbride and Barrhead Rail Enhancement scheme. The scheme will make rail services reliable, efficient, and attractive to passengers and support modal shift whilst progressing against the Scottish Government's target to decarbonising the rail network. The OBC outlined that total project cost was estimated to be £100 million to £120 million and that it was estimated to be operational in December 2024. The FBC outlined that total project cost was estimated to be £139.8 million and that it was estimated to be operational in December 2025.

**Progress at December 2023:** The FBC was approved in June 2023, with funding announced by the Minister for Transport in September 2023. The project is now in construction.

The total cost of the project is now estimated at £139.8 million which is an increase to that previously reported. This is due to further refinement of the cost and additional scope of the Hairmyres Loop extension and accessibility enhancements.

As per the approved FBC, the project is now estimated to be operational in December 2025 which is later than that outlined in OBC. This is due to re-phasing of the delivery of the electrification programme and seeking increased cost and programme assurance from Network Rail.

**Progress at August 2024:** No change to FBC cost or timing since the last report.

**Contact for public enquiries:** email: [info@transport.gov.scot](mailto:info@transport.gov.scot)

## **Project: Markle Level Crossing Bridge Replacement**

**Business case approved stages:** Closure of Markle Level Crossing (in East Lothian) on the East Coast Main Line and its replacement with an overbridge. The OBC outlined that the total project cost was estimated to be £9.2 million and that the project was estimated to be operational by the end of March 2024.

**Progress at December 2023:** The construction start date is now planned for March 2024 with the estimated operational date now being December 2024, which is later than previously reported in OBC. This is due to delays in achieving project consents and obtaining completion of planning conditions.

The anticipated final cost is now £11.6 million which is an increase to that previously reported in OBC. This is due to primarily inflation plus land costs and the unanticipated cost of compliance with planning conditions.

**Progress at August 2024:** Construction was approved in February 2024 via an Agreement between East Lothian Council, Network Rail and Transport Scotland and commenced as

planned thereafter in March 2024. The anticipated final cost is £12.5 million which is an increase to that previously reported due to impact of inflation on the contract.

Whilst construction is proceeding well, uncharted buried services have been located directly within the bridge construction site. These are impacting the construction programme and the impact of this in terms of time, cost and redesign is currently being evaluated. The estimated operational date is now April 2025, which is later than previously reported, due to the unforeseen conditions encountered on site.

**Contact for public enquiries:** email: [info@transport.gov.scot](mailto:info@transport.gov.scot)

## **Project: Borders Railway Decarbonisation**

**Business case approved stages:** Project to facilitate the decarbonisation of rolling stock emissions on the Borders Railway through the installation of railway electrification infrastructure. This infrastructure will allow the replacement of the diesel rolling stock which currently operate on the route with new battery electric rolling stock. The OBC outlined that the total project cost was estimated to be £32 million and that the project was estimated to commence construction in 2023 and be operational in May 2027 (£14.4 million of total project cost is attributable to the Tweedbank Feeder Station).

**Progress at December 2023:** A refresh of the Rail Services Decarbonisation Action Plan is underway (as reported in March 2023 update). The outcome of this will allow for the project to be replanned. Timescales for this project will be determined by the wider programme and the rolling stock procurement exercise.

A contract to provide a new Feeder Station at Tweedbank has been placed with National Grid PLC, with the Feeder Station planned to enter service in September 2026. This will be used to provide power to the planned railway electrification at the south end of the Borders Line. The anticipated final cost of these works is £14.4 million. A contract has also been placed with National Grid PLC for a new Feeder Station at Portobello. This is due to enter service in December 2025. The primary purpose of this Feeder Station to provide additional power and network resilience in the Edinburgh area. In addition, it will support the planned decarbonised Borders Line rail services. The anticipated cost of these works is £32.4 million.

**Progress at August 2024:** A refresh of the Rail Services Decarbonisation Action Plan continues and the outcome of this will allow for the project to be re-planned. Timescales for project will be determined by the associated rolling stock procurement exercise and the needs of the wider rail projects pipeline.

Once the new Feeder Station at Tweedbank has entered service, this will be used to provide power to the planned railway electrification at the south end of the Borders Line. Once the new Feeder Station at Portobello has entered service, this will provide additional power and network resilience in the Edinburgh area and in addition it will support the planned decarbonised Borders Line rail services. Costs will be re-estimated as part of the replanning process.

**Contact for public enquiries:** email: [info@transport.gov.scot](mailto:info@transport.gov.scot)

## **Project: Fife Decarbonisation**

**Business case approved stages:** Project to facilitate the decarbonisation of rolling stock emissions on the Fife Railway through the installation of railway electrification infrastructure. This infrastructure will allow the replacement of the diesel rolling stock which currently operate on the route with new Battery Electric rolling stock. The OBC outlined that the total project cost was estimated to be £210 million (exclusive of Feeder Station costs) with the full project estimated to be operational in December 2025.

**Progress at December 2023:** A refresh of the Rail Services Decarbonisation Action Plan is underway (as reported in March 2023 update). The outcome of this will allow for the project to be re-planned. Timescales for this project will be determined by the wider programme and the rolling stock procurement exercise.

A contract to provide a new Feeder Station at Thornton has been placed with National Grid PLC. With the Feeder Station planned to enter service in September 2026. This will be used to provide power to the planned railway electrification in Fife. The anticipated final cost of these works is £29.4 million.

**Progress at August 2024:** A refresh of the Rail Services Decarbonisation Action Plan continues and the outcome of this will allow for the project to be re-planned. Timescales for project will be determined by the associated rolling stock procurement exercise and the needs of the wider rail projects pipeline.

Once the new Feeder Station at Thornton has entered service, this will be used to provide power to the planned railway electrification in Fife. Costs will be re-estimated as part of the replanning process.

**Contact for public enquiries:** email: [info@transport.gov.scot](mailto:info@transport.gov.scot)

## **Project: CMAL – Two new 100 metre ferries**

**Business case approved stages:** Procurement commenced and Pre-Qualification Questionnaires were issued by CMAL (Caledonian Maritime Assets Ltd) on 15 October 2014 with tender returns on 31 March 2015 and the Preferred Bidder announced on 31 August 2015. The contract worth £97 million to build the two 100m 'dual-fuel' ferries for the Clyde and Hebrides Ferry Service (CHFS) was awarded to Ferguson Marine Engineering Limited (FMEL) on 16 October 2015. The first ferry was expected to be delivered in May 2018 with the second vessel following a few months later. Ferguson Marine (Port Glasgow) Limited (FMPG) purchased FMEL and its assets in December 2019 following liquidation. This included responsibility for the delivery of vessels 801 and 802.

**Progress at December 2023:** On 21 December 2023, the Chief Executive Officer (CEO) of FMPG updated the Scottish Parliament's Net Zero, Energy and Transport Committee (NZET) with advice that cost to completion and target handover date estimates for both vessels would be reviewed and notified by end January 2024.

The previous CEO update of 29 September 2023 stated that the total estimated cost to complete both vessels is now £239 million plus between c£5 million to c£30 million for contingency. This was an increase to that previously reported at March 2023 update and is due mainly to rework, contractor cost and inflationary pressures. The CEO indicated that a revised cost forecast would be made available at the end of January 2024. The Scottish Government is currently planning further due diligence on these figures, which is being supported by external, independent financial advisors to ensure that a rigorous approach is taken to scrutinising this request for additional funding.

The CEO's December 2023 update also stated that Vessel 801 (MV Glen Sannox) is now expected to be delivered up to 2 months later than the previously indicated date of March 2024 at the CEO's September 2023 update. This is mainly due to contractor availability, delay to dry docking because of weather, design and certification issues. Vessel 802 (MV Glen Rosa) is now expected to be delivered by end of May 2025. This is later than previously reported at March 2023 update and is due in part to the cumulative effect from 801. Both delivery dates are conditional on a number of risks not materialising. These are being actively monitored and any change will inform future reporting.

**Progress at August 2024:** The Board of FMPG removed David Tydeman from the role of Chief Executive Officer on 26 March 2024 and appointed non-executive director John Petticrew as interim CEO.

On 31 May 2024, the interim CEO updated the Scottish Parliament's NZET Committee that the expected cost to completion from the point of public ownership for both vessels was £299.1 million including contingency. This is an increase to that previously reported and is due mainly to rework, contractor cost and inflationary pressures.

On 2 August 2024, the interim CEO signalled that the handover date for vessel 801 (MV Glen Sannox) had been extended from 30 September 2024. This is later than previously reported and is due to issues with the outfit and commissioning of the liquefied natural gas (LNG) system with consequential impact on other areas of outfitting and commissioning. FMPG launched vessel 802 (MV Glen Rosa) on 9 April 2024 and yard is now working to an expected delivery date of 30 September 2025.

**Contact for public enquiries:** email: [vikki.halliday@gov.scot](mailto:vikki.halliday@gov.scot)

## Sector: Health

### Project: National Waiting Times Centre Board – Hospital Expansion Programme – Phase 2

**Business case approved stages:** Project is the second phase of the Golden Jubilee Foundation Hospital Expansion Programme (forms part of the National Treatment Centres Programme). The FBC outlined that the total cost was £80.9 million and that it was estimated to be completed in December 2022 and operational on a phased basis up to end of March 2023 (Frameworks Scotland is procurement route for project).

**Progress at December 2023:** No change to cost since the last report (as reported in March 2022 update, the total cost of the project was estimated at £82.5 million).

The estimated operational date is now February 2024, which is later than the previously reported December 2023 (as reported in March 2023 update). This is due to delays relating to the assurance of the technical commissioning of systems within the building.

**Progress at August 2024:** No change to cost since the last report.

The project began a phased opening in August 2024 to allow for processes to be embedded before the surgical centre is fully operational. This was later than previously reported due to the handover being later than estimated owing to technical commissioning issues.

**Contact for public enquiries:** email: [john.scott@gjnh.scot.nhs.uk](mailto:john.scott@gjnh.scot.nhs.uk)

### Project: NHS Ayrshire & Arran - Foxgrove (National Secure Adolescent Inpatient Service)

**Business case approved stages:** Project comprises 12 bedded medium secure adolescent inpatient facility for Scotland located in Irvine, North Ayrshire (Frameworks Scotland is procurement route for project). The FBC outlined that the estimated cost of project was £18.7 million and that it would be operational by December 2023 (Frameworks Scotland is procurement route for project).

**Progress at December 2023:** The facility will now not be ready to receive young people until the middle of March 2024, which is later than previously reported at FBC. This due to contractor programme delays to the completion and the 8 week testing and commissioning period has been delayed as a consequence.

The estimated project cost is now £18.9 million which is an increase to that in FBC. This is due to prolongation and programme delay as well as some compensation events within the period.

**Progress at August 2024:** The facility remains incomplete and handover has been further delayed due to a significant number of quality and health and safety items that have been

raised with the Principal Supply Chain Partner (PSCP). The ongoing programme slippage and delay of handover of the facility to NHS Ayrshire & Arran continues to impact upon client commissioning activities planned for the post-handover period and the date whereby the health board will be able to admit patients. The latest programme issued by the PSCP is currently under review and dates remain unconfirmed. Key risks comprise the completion of defects.

Following handover there will be an 8 week testing & commissioning period as well as an additional works programme to address issues not covered under the PSCP contract. Additional costs are being incurred due to prolongation and programme delay and these will be confirmed once all works are completed.

**Contact for public enquiries:** email: [fraser.bell@aapct.scot.nhs.uk](mailto:fraser.bell@aapct.scot.nhs.uk)

## **Project: NHS Lothian - Oncology Enabling Projects, Edinburgh Cancer Centre**

**Business case approved stages:** Project relates to upgrading the Edinburgh Cancer Centre at the Western General Hospital. The FBC outlined that the total cost of the project was £20.6 million and that the project would be operational by November 2022 (Frameworks Scotland is procurement route for project).

**Progress at December 2023:** The estimated overall completion of project is now May 2024, which is later than the previously reported November 2023 at the March 2023 update. This is due to further phases of the project encountering unanticipated issues with the condition of the existing buildings.

The total cost of project is now estimated at £24.7 million which is an increase to the previously reported £23.3 million in the March 2023 update. This is due to additional costs relating to rectifying fire safety defects and the implications of the construction handover being pushed back.

**Progress at August 2024:** No increase in cost or timing since last report.

The overall project completion and service operational date was achieved in April 2024. All individual projects within the programme are now concluded. The total finalised project cost was £24.6 million.

**Contact for public enquiries:** email: [Lothian.Communications@nhslothian.scot.nhs.uk](mailto:Lothian.Communications@nhslothian.scot.nhs.uk)

## **Project: NHS Grampian – Aberdeen Baird Family Hospital and ANCHOR Centre**

**Business case approved stages:** Baird Family Hospital will provide a new facility to support maternity, gynaecology, breast screening and breast surgery services. It will also include a

Neonatal Unit (NNU), accommodation for reproductive services, an operating theatre suite, a Community Maternity Unit (CMU), and research and teaching facilities. ANCHOR centre will be connected to the existing Radiotherapy Centre and together the single facility will provide a focus for all ambulatory care for oncology, haematology, and radiotherapy services in the north. The OBC outlined a cost of £163.7 million and indicated that the ANCHOR Centre was projected to be operational in 2021 and the Baird to be handed over in 2021 and be fully operational early 2022. The FBC outlined that the total project cost was £233.2 million as per FBC Addendum and that the operational date for the ANCHOR Centre was estimated for May 2023 with the Baird Family Hospital estimated for December 2023 (Frameworks Scotland is procurement route for project).

**Progress at December 2023:** No change to cost since the last report (as reported in March 2023 update, the cost was £261.1 million).

The project is in construction and making good progress. There are continuing challenging market conditions and as noted in the previous update, increased costs in relation to quality assurance and additional project and specialist resources to address and close off action plans, mean that the total project cost will be higher than set out in the FBC.

A potential opening date for either facility is uncertain until the outcome of the ongoing design review is known, including an assessment of the feasibility, cost and programme impact of any required changes (as reported in March 2023 update, the estimated operational date for the ANCHOR Centre was October 2023 with the Baird Family Hospital being September 2024).

**Progress at August 2024:** No change to cost since the last report.

A number of cost pressures are however being managed and occupation dates for either facility are still uncertain. The designs for both buildings are currently being revisited to consider design assurance learning from recent projects which is impacting on the programme and forecast costs.

**Contact for public enquiries:** email: [gram.nhsgrampianfeedback@nhs.scot](mailto:gram.nhsgrampianfeedback@nhs.scot)

## **Project: NHS Greater Glasgow and Clyde - North East Hub**

**Business case approved stages:** Provision of a new build community hub, which will replace 10 different buildings across Glasgow North East area. Hub will include a number of services including GP practices, pharmacy, podiatry, physiotherapy, speech therapy, adult mental health services, sexual health, social work, staff, and community-training facilities, re-provision of Parkhead community library and wellbeing including health improvement. The OBC outlined that the project was estimated to cost £67.3 million and that it was planned to be operational in June 2024. The FBC outlined that the project was estimated to cost £71.7 million and that it was planned to be operational in October 2024 (Hub West Scotland is procurement route for project).

**Progress at December 2023:** No change to FBC cost or timing since last report.



The FBC operational date had previously been incorrectly reported as July 2024 which is the handover date of the facility following construction completion. The FBC operational date is planned for October 2024.

**Progress at August 2024:** No change to FBC cost or timing since last report.

**Contact for public enquiries:** email: [andrew.baillie@ggc.scot.nhs.uk](mailto:andrew.baillie@ggc.scot.nhs.uk)

## **Project: NHS Forth Valley - National Treatment Centre**

**Business case approved stages:** Project to increase Elective Care capacity is scheduled to be completed by end of 2022. The investment case was approved through the Scottish Government in 2019. Revenue costs around £9 million with capital costs around £10 million subject to final confirmation (forms part of the National Treatment Centres Programme).

**Progress at December 2023:** No change to cost since the last report (as reported in September 2022 update, the capital costs were confirmed as £11.1 million).

The estimated project completion is now anticipated to be in 2024 but there is no confirmed date as yet. This is later than the previously reported June 2023 (operational date August 2023) in the March 2023 update, and is due to assurances around a number of construction issues. Project completion by the principal contractor is subject to NHS Assure status.

**Progress at August 2024:** No change to cost since last report.

The new ward continues to be delayed due to a number of construction issues primarily due to the incorrect installation of pipework and risks in relation to fire compliance measures. All parties are working to develop a technical solution to resolve these issues. A further update is expected late September.

**Contact for public enquiries:** email: [scott.urquhart@nhs.scot](mailto:scott.urquhart@nhs.scot)

## **Project: NHS Greater Glasgow and Clyde - Radionuclide Dispensary**

**Business case approved stages:** Project to create a modern Radiopharmacy facility to continue the manufacture of radiopharmaceutical medicines and distribution of them to Nuclear Medicine Departments throughout Health Boards in West Central Scotland and the West of Scotland. The OBC outlines a cost of £20.9 million and that the project was to be operational July 2025 (Hub West Scotland replaced Frameworks Scotland as procurement route for the project following OBC approval).

**Progress at December 2023:** No change to OBC cost since the last report.

The project is now estimated to commence construction in June 2024 which is later than the previously reported spring 2024 in the March 2023 update. This due to the change in procurement route from Frameworks Scotland to Hub West Scotland.

**Progress at August 2024:** The FBC is to be presented to the Scottish Government Health Portfolio Capital Investment Group (CIG) in September 2024. Providing a successful FBC approval, the project will start construction in October 2024. This is later than that previously reported and is due to additional governance around the assurance process. The project cost is now £21.4 million which is an increase in that at OBC and as previously reported and is due to outcome of a market testing period.

**Contact for public enquiries:** email: [andrew.baillie@ggc.scot.nhs.uk](mailto:andrew.baillie@ggc.scot.nhs.uk)

## **Project: NHS Lanarkshire - Monklands Replacement Project**

**Business case approved stages:** Project will provide a replacement for the existing University Hospital Monklands in North Lanarkshire. The OBC was approved in July 2023 outlining an estimated cost of £1.344 billion and a planned operational date of 2031.

**Progress at December 2023:** N/A

**Progress at August 2024:** Although the project's OBC was approved in July 2023, as with all health capital projects it was under review to assess its affordability. FBC development work is continuing and active discussions with NHS Lanarkshire on the impact of the budget settlement on the proposal to replace University Hospital Monklands are ongoing.

**Contact for public enquiries:** email: [graeme.reid2@lanarkshire.scot.nhs.uk](mailto:graeme.reid2@lanarkshire.scot.nhs.uk)

## **Sector: Further Education**

### **Project: Dunfermline Learning Campus (College element)**

**Business case approved stages:** New build college campus in Dunfermline, Fife. Following Scottish Government approval to award the contract in December 2022, the cost of the project was estimated at £131 million with project completion estimated for December 2024 and an operational start date of spring 2025.

**Progress at December 2023:** No change to cost or timing of the overall project since contract award and the last reporting update in March 2023.

Planned completion of the construction stage is now January 2025 which is later than previously reported. This is due to recent adverse weather which caused some slippage. Completion of the full project however continues to be on target for April 2025 with the campus being fully operational for the start of 2025-26 academic year.

**Progress at August 2024:** The cost of the project is now estimated at £154.5 million, which is an increase from contract award and as previously reported. This is due to the continuation of high inflation in the construction marketplace which has resulted in higher than anticipated costs for the fit-out element of the project, which was a variable element of the construction contract. Fife College has agreed a lump sum fixed price with the contractor, Balfour Beatty Construction Ltd (BBCL) to complete the project. This passes the risk of completing the project within the increased budget to BBCL. The cost for the core and shell element of the build has not increased as this cost was fixed from the outset of the contract with BBCL. The scope of the project has not changed.

Planned completion of the project construction stage has slipped to September 2025, with the new campus now expected to be fully operational by January/February 2026. This is later than previously reported and is due to project delays occurred whilst Fife College considered its options to manage the increase in costs.

**Contact for public enquiries:** email: [ameldrum@sfc.ac.uk](mailto:ameldrum@sfc.ac.uk)

## Sector: Justice

### Project: HMP Highland

**Business case approved stages:** HMP Highland will provide a fit-for-purpose community facing prison, which supports the Government's objective of reducing the risk of prisoners reoffending on release from custody. The OBC outlined that the total cost of the project was in the range of £98 million to £110 million and that it would be operational by July 2024. The FBC outlines that the total cost of the project will be £209.3 million and that completion of the construction phase will be summer 2026 with an operational date to be agreed following construction completion.

**Progress at December 2023:** No change to cost since the last report (as reported in September 2022 update, the project cost was £139.5 million).

The second stage contract award is now anticipated to be spring 2024 and the fully developed programme will be agreed at this point. Completion of the construction phase is now forecast to be spring 2026 with an operational date later that year, which is later than the construction forecast of spring 2025 and operational forecast of June 2025 previously reported in the March 2023 update. This is due to a delay in receipt of the final pricing, which is pushing back the date for the second stage contract award and the construction programme.

**Progress at August 2024:** The FBC was approved in March 2024 and the second stage contract was awarded in April 2024 with construction commencing thereafter. The total cost of the project is now £209.3 million which is an increase to that previously reported. This is due to increases in costs for various work packages and additional contractor prelim costs.

Completion of the construction phase is now forecast to be summer 2026 with an operational date to be agreed following construction completion. This is later than that previously reported and is due to delays in receiving the final contract price.

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## **Sector: Rural and Environment**

### **Project: RBGE - Edinburgh Biomes**

**Business case approved stages:** Project will transform the current failing RBGE (Royal Botanic Garden Edinburgh) estate – home to Scotland’s national biodiversity research collections - to a create a world-class facility that will produce climate, economic, wellbeing and environmental benefits, as part of a green economic recovery for Scotland. The FBC outlined that the total cost of the project was to be £89.9 million and that the full programme will be completed by October 2027 with the public entrance Glasshouse the final planned phase of work. The Scottish Government funding amounts to £58 million 2021-2026 (Framework agreement is procurement route for project).

**Progress at December 2023:** No change to full FBC programme since the last report.

Restoration of the A-listed Victorian Palm Hoses continues to progress positively with a projected completion date at the end of 2024. The infrastructure phase of the programme commenced in October 2023 and the key elements of this part of the programme, includes the design and construction of a new substation, an underground heating pipe network and associated services.

Decant of the internationally important plant collection is largely completed, with over 40,000 plants temporarily housed across RBGE’s visitor and research glasshouses, which are also to be refurbished at a later stage of Edinburgh Biomes programme.

The impact of construction material inflation and labour costs during the initial phases of the programme continue to be assessed across the remainder of the programme which may result in a potential impact on later phasing of the works.

**Progress at August 2024:** No change to full FBC programme since last report.

Restoration of Victorian Palm Houses continues positively with a projected completion date now expected to be spring 2025. While good progress continues, there are technical challenges with the project which affect both the programme and the budget, and these are currently being assessed. The infrastructure phase of the programme which commenced in October 2023 is progressing well and is expected to be complete by the end of 2024.

Decant of the remaining elements of the internationally important plant collection has been paused awaiting the provision of additional decant space.

As noted at the last update, construction inflation continues to affect the Biomes programme, in tandem with challenges of managing spend within a strictly annualised budget. A refreshed business case is in progress to inform potential future capital allocations for the later phasing of works across the programme covering a five-year period from 2026-27.

**Contact for public enquiries:** email: [andrew.mackie@gov.scot](mailto:andrew.mackie@gov.scot)

## Summary of changes note

This note summarises key points and changes within the report since the December 2023 progress update.

### Projects included within the report for the first time

- A9 Dualling Tay Crossing to Ballinluig
- NHS Lanarkshire - Monklands Replacement Project

### Projects no longer included within the report

The following projects were reported as being completed or operational within the last progress update and are therefore now no longer included:

- Reston and East Linton Rail Stations
- Barrhead Rail Enhancement
- NHS Tayside - Electrical Infrastructure Zone 2 - Radiotherapy, Maternity and West Ward Block
- National Facility for Women Offenders

The following project was reported as having no availability of funding for the Health element within the last progress update and therefore would no longer be included going forward:

- NHS Western Isles – Barra and Vatersay Community Campus

### Projects where business case has been paused

The following Health projects in development were reported within the last progress update as having their business cases paused and will not be reported on further until the necessary capital funding to complete them becomes available:

- NHS Grampian – National Treatment Centre
- NHS Lothian - National Treatment Centre
- NHS Lothian - Re-provision of Eye Services
- NHS Ayrshire & Arran - National Treatment Centre - Ayrshire & Arran
- NHS Tayside - Ninewells Electrical Infrastructure Zone 3

### Notable events relating to projects within the report since last update

- National Waiting Times Centre Board – Hospital Expansion Programme Phase 2 – The project which forms part of the National Treatment Centres programme, became operational in July. The new Surgical Centre provides an expansion of elective surgical capacity, specifically orthopaedic surgery and endoscopy procedures.
- Levenmouth Rail project – The passenger railway in Levenmouth, Fife reopened for the first time in over 50 years when project became operational in June. The project reconnected local communities to the railway for the first time since 1969, with the help of a 9km long track and two new accessible stations in Leven and Cameron Bridge.
- A9 Dualling Tay Crossing to Ballinluig – The fourth phase of A9 Dualling programme was approved in May 2024 and project is now in procurement. In advance of the appointment of the contractor, a programme of advance works will be undertaken to help reduce risks to

the main construction contract, which will involve a variety of activities including ground investigation, archaeological works, environmental mitigation and utility diversions.

- NHS Lothian Oncology Enabling Projects, Edinburgh Cancer Centre – Overall project completion and service operational was achieved in April when all individual projects were completed. These included two units which provide vital care and treatment to some of the most unwell patients in Scotland, the new Cancer Assessment Unit and oncology ward for systemic anti-cancer treatment at the cancer centre in the Western General Hospital.
- HMP Highland – Construction commenced in April of a new prison in Inverness that will increase custody capacity, improve rehabilitation services and provide significant investment to the local area. Once completed, it will be Scotland's first net-zero prison, with improved education and health facilities to help with rehabilitation. It will also allow more adult men from the Highlands and Islands to be accommodated in their local area, improving access for families and services.