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| Board Meeting: | 26th March 2020 | dual branding.jpg |
| Subject: | Golden Jubilee Hospital Expansion Programme |

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| **Recommendation** |  Board members are asked to: |  |
|  |  Discuss and Note |  **X** |
|  |  Discuss and Approve |  |
|  |  Note for Information only |  |

1. **Background**

At the last scheduled Site Progress Meeting Kier reported that Phase 1 is progressing well to programme for completion on 15th June 20 and that Phase 2 was progressing well and on programme to submit Full Business Case (FBC) in April 20.

As the current situation regarding Covid-19 has developed Aecom as our Project Managers and in line with the NEC contact for Phase 1 and Phase 2 have issued Early Warning Notices (EWNs) noting the “known and anticipated but unquantifiable impact of disruption due to Covid-19 related working restrictions” and that the programme may be affected for both phases. Aecom as our advisors will of course endeavour to mitigate any impact of the current situation in any way possible.

## Discussion

A detailed position for Phase 1 as of Tuesday 24th March 20 is that Kier had 19 operatives onsite out of a planned resource of 86. They have reported that it is likely that operations will halt in the coming days.

In preparation for this we have asked Kier work with their designers in assessing the immediate implications of stopping works on site and what measures need to be put in place providing written confirmation of their agreement to those measures. This should include security of the site, required flushing regimes, HAI Scribe measures and any other project specific issues.

On receipt of these shutdown plans we will collaboratively determine if access can be provided for these actions or if the NHS will take responsibility. Emergency contact details will be collated and where possible a comprehensive set of photographs will also be taken in order to demonstrate progress at the point of shut down.

A detailed position for Phase 2 as of Tuesday 24th March 20 is that Kier still intend to complete the Stage 3 report (FBC stage) including target cost and programme by 31st March 20 as agreed. The Full Business Case drafting is well underway but key areas of the FBC have been impacted by the current situation. These are AEDET and Stakeholder workshops which had to be cancelled as they included former patients who were unable to attend.

The programme date for FBC submission to CIG in April 20 is therefore in doubt. Informal discussions have taken place with Scottish Government colleagues with regards to the FBC and there is a strong indication that they would be comfortable with the approach of delaying the FBC submission and continuing with the enabling works (subject to Planning approval) to maintain the programme as much as possible. This position statement can be formally provided to gain a robust governance audit trail and it is recommended that we proceed with formalising FBC delay arrangements.

In relation to Planning Approval although the Council Offices are closed the Planning Department is continuing to function and as it currently stands the Council’s Planning Committee is next due to sit on 29th April and the priority scheme for consideration is the Phase 2 development.

From a financial perspective in 19/20 both programmes were on track to provide a balanced position against our Capital Resource Limit (CRL). The cost control group met on 25th March 2020 to review progress status and link to financials and it is inconceivable to think anything other than this will have an absolute effect on the phasing of work and hence phasing of costs within this year. We therefore expect that we will not spend to the full value of our CRL and are likely to come under the allocations previously given. The detail behind this is being developed currently and we have linked with finance colleagues at Scottish Government to highlight the issues we have, which are consistent to many other capital projects across NHS Scotland. We will therefore seek to identify the revised phasing and liaise with Scottish Government over the course of the next week to identify a suitable solution which satisfies both the year-end position and maintaining the full level of expansion funds for this project.

## Recommendation

Board Members are asked to note the update and steps taken to date.

This position is clearly evolving at a rapid pace in recent days and it is anticipated that this is likely to lead to the cessation of works surrounding the expansion programmes. Updates will be provided to board members as this develops together with an update on how the financial flows will be resolved.

**Colin Neil**

**Director of Finance**

(John Scott, Programme Director)

**26th March 20**