

December 2012

MAJOR CAPITAL PROJECTS

I am writing to update the Committee on further activity to implement its recommendations on major capital projects.

The infrastructure investment programme continues to make good progress. Since I wrote to the Committee in July, the Royal Hospital for Sick Children and Department of Clinical Neurosciences Non Profit Distributing (NPD) project has entered procurement; six schools progressed via the Scotland's Schools for the Future programme are now operational; and there has been progress on programmes and projects in the transport sector, with the formal handover for the delivery of the Borders Railway to Network Rail taking place in November and preparation underway for tenders to issue for the Aberdeen Western Peripheral Route (AWPR)/A90 Balmedie to Tipperty project following the Supreme Court's rejection of the appeal against the scheme in October.

The Scottish Government is continuing to use all measures at its disposal to increase investment in infrastructure, and the Committee will have noted the focus on construction, skills and the green economy, including a capital stimulus to boost jobs and economic growth, in the Draft Budget 2013-14.

There have been developments across all four of the workstreams included in the Committee's report of February 2009:

- i. strengthening governance of the capital programme;
- ii. improving project cost and time estimating for capital projects;
- iii. project management and governance; and
- iv. making routine use of post project evaluation.

Strengthening governance of the capital programme

As outlined to the Committee in my previous reports, the Infrastructure Investment Board (IIB) has taken on a central oversight role in relation to portfolio governance arrangements. Over the last six months the IIB has considered strategic issues relating to the management of the infrastructure investment programme, including: infrastructure investment management information, capital borrowing, spatial considerations and community benefits in procurement.

In terms of monitoring high-value capital projects and programmes, since my last report in July the Board has scrutinised and made recommendations about:

- Enterprise Body investment programmes;
- digital infrastructure;
- the reprovision of the Dumfries and Galloway Royal Infirmary; and
- the Aberdeen Western Peripheral Route.

IIB continues to receive key information about the progress of the NPD pipeline and individual projects with a capital value over £50m.

Improving project cost and time estimating for capital projects

The Infrastructure Projects Database (IPD), which is updated every quarter, continues to generate valuable management information regarding the progress of capital projects across the Scottish Government. As well as providing information for reports to the IIB and the PAC, the data is also used to ensure that the Scottish Government makes full use of vital project assurance tools such as Gateway Review.

Project Management and Governance

The Scottish Government's independent assurance framework is now in place bringing together the strategic project delivery assurance provided through Gateway Review and the procurement assurance provided by the Scottish Futures Trust's Key Stage Review process for NPD projects. The Scottish Government will monitor the effectiveness of the framework and adjust it, if necessary, based on feedback and lessons learned during its use. The management of the integrated assurance framework and its application to major investment projects is reported to IIB.

Making Routine Use of Post Project Evaluation

The Scottish Government is supporting delivery bodies to help embed Post Project Evaluation (PPE) within their governance procedures. The Scottish Government is identifying strategic and generic learned lessons from major projects and will make these available to other project owners.

As with previous updates to the Committee, I have included at Annex A information on the state of progress on a range of Scottish Government capital projects over £50m, compiled from information held on the IPD. I have also included a summary of the main variations in estimated project costs and timescales to completion which have arisen since our last progress report in July and details of how major projects that are now in construction are contributing to local economic development. I attach at Annex B an update on the progress of the hub initiative.

I hope that the Committee finds this information helpful.

Annex A

MAJOR CAPITAL PROJECTS PROGRESS REPORT AS AT 12 DECEMBER 2012

This report covers progress of major capital projects with a capital value in excess of £50m, as at 12 December 2012.

Cost estimates for individual projects may rise or fall for a number of reasons, including: changes to the scope of the project; incurring unanticipated or additional costs for preparatory works; costs arising from unavoidable delay to projects; and increases in input costs and construction prices.

Timescale estimates for individual projects may be lengthened or shortened for a number of reasons, including: changes to the scope of the projects; unanticipated or unavoidable delays to construction; unanticipated or unavoidable delays in the procurement process; and the impact of considerations around affordability for the procuring authority.

Project Title	Estimated Capital Value	Current Timescale to Completion	Progress at December 2012	Contribution Towards Local Economic Development
Forth Replacement Crossing - new crossing of the Forth estuary connecting into trunk road network	£1.45bn-£1.60bn	2016-17	<p>All three contracts making up the Forth Replacement Crossing (FRC) scheme are progressing well:</p> <p>Principal Contract - The contract for the bridge and connecting roads elements is being undertaken by the Forth Crossing Bridge Constructors (FCBC), a consortium comprising Dragados, Hochtief, American Bridge International and Morrison Construction. It started construction in summer 2011 and is currently progressing to programme and scheduled for completion in 2016.</p> <p>Fife ITS - The contract to install the Intelligent Transport System (ITS) gantries on the M90 between Admiralty</p>	<p>At its peak the FRC project will directly support 1,200 jobs and the Chambers of Commerce estimate that the FRC will deliver economic benefits worth around £6bn to Scotland's economy. There are currently nearly 1200 site based employees as predicted and over 300 Scottish firms have already benefitted from subcontracts and supply orders on the project.</p> <p>FRC every year will deliver 45 vocational training positions, 21 professional body training places and 46 positions for the long term unemployed, as well as providing further scope to maximise Modern Apprenticeship opportunities once</p>

			<p>and Halbeath Junctions in Fife and provision for southbound bus hard shoulder running has recently been completed by John Graham (Dromore) Ltd. The bus lane and ITS went live on 4 December 2012.</p> <p>M9 Junction 1A - The contract to improve Junction 1A of the M9 which will provide improved connections between the motorway and the new bridge is being carried out by Sisk Roadbridge Ltd (SRB). Construction began in September 2011 and is nearing completion with opening scheduled for early 2013.</p> <p>The FRC project is currently on track to be delivered on time and within the forecast outturn cost range of £1.45bn to £1.6bn.</p>	<p>onsite construction begins. So far 110 places for training and the long-term unemployed have been generated by the construction.</p> <p>Community Forums continue to be held on a regular basis. The forums enable Transport Scotland and the contractors to share information with community groups regarding upcoming construction activities and the measures proposed to mitigate the effects of these activities.</p>
<p>A90 Aberdeen Western Peripheral Route (AWPR) - to provide a 46km dual carriageway western peripheral route around the City of Aberdeen.</p>	<p>£653m (at 2012 prices)</p>	<p>Spring 2018</p>	<p>The UK Supreme Court's refusal of the appeal against the AWPR on 17 October 2012 allowed the scheme to move forward. A Prior Information Notice was published on 19 October 2012 advising that expressions of interest will be sought in early 2013 with construction expected to start in 2014.</p> <p>To be taken forward as a single Non Profit Distributing (NPD) contract with the A90 Balmedie to Tippetty.</p>	<p>Given the scale of the scheme it is reasonable to expect that local people and local companies will have the opportunity to participate in construction of the scheme.</p> <p>The opportunity to secure wider benefits for the economy beyond the traditional project objectives linked to the procurement of transport infrastructure is recognised, and the provision of community benefit clauses is now an important consideration in the</p>

				procurement process.
A90 Balmedie to Tipperty - the construction of 8 kilometres of new dual carriageway between Balmedie and Tipperty.	£92m (at 2012 prices)	Spring 2018	<p>Orders were made on 1 March 2012 in accordance with recommendations following the earlier Public Local Inquiry and the General Vesting Declaration (GVD) is programmed to be served early in 2013.</p> <p>The estimated capital value has now been reviewed and updated. The project is to be taken forward as a single NPD contract with the AWPR.</p>	See AWPR.
M8, M73, M74 Motorway Improvements - enhancements to M8, M73 and M74 to support M74 completion and M8 Baillieston to Newhouse Schemes	£415m (at 2012 prices)	Operational by 2017 (detailed timetable subject to review).	<p>The M8 Baillieston-Newhouse, M8 associated network improvements and M74 Raith Interchange is being taken forward as one scheme - the M8, M73, M74 Motorway Improvements - as stated in the draft budget statement in November 2010.</p> <p>The project is currently being procured using the NPD model and four bidders have been invited to tender. Deselecting the four bidders to two is anticipated in February 2013 with contract award anticipated late 2013 subject to condition of the financial markets.</p> <p>The capital value reflects the combined scheme.</p>	<p>The contract requires that all site-based employment opportunities (including those with sub-contractors) are notified to job centres (including local job centres) at the time they become available.</p> <p>In addition, all contracts with sub-contractors and suppliers which the contractor intends to procure following contractor award, and which the contractor has not already planned to award to a particular sub-contractor or supplier when preparing his final tender, are advertised through the Public Contracts Scotland procurement portal.</p> <p>Minimum requirements have been set for the numbers of apprentices, graduate trainees and job starts. We</p>

				are also encouraging the contractor to offer training opportunities in terms of placements, work experience and workplace taster opportunities.
Borders Railway - building a rail link from Edinburgh to the central Borders, to connect the Borders and Midlothian more effectively to the Edinburgh economy	£294m (at 2012 prices)	Contractual completion date of summer 2015, with service commencement in September 2015. The Scottish Government will be working closely with Network Rail and its contractor BAM to look at ways of achieving our target to have the railway in place by the end of 2014.	Transport Scotland recently concluded the formal handover and commercial terms for the delivery of the Borders Railway, ensuring that for the first time in over 40 years, people living in the Scottish Borders and Midlothian can benefit from a direct rail link connecting to the capital city and the wider Scottish rail network.	It is estimated that approximately 200 to 400 jobs will be created during the period of construction. The new line will be a catalyst for encouraging approximately £33 million of benefits for the wider Scottish economy as well as increased business development, housing opportunities and inward investment for the local economy.
Edinburgh Glasgow Improvement Programme EGIP - electrification of the line to reduce journey	£650m	2014-2019	On 4 July 2012 the Minister for Housing and Transport announced details of the EGIP scheme and the first phase to be taken forward for delivery. Based on four trains per hour (tph) with longer trains and extended platforms at Queen Street Station, Phase 1 electrifies the core Edinburgh Glasgow via Falkirk	A comprehensive programme of improvements to Scotland's railway infrastructure, rolling stock and service provision will provide a major boost to the wealth of Scotland and its long term economic sustainability. It will deliver enhanced connectivity with

times			<p>and the Cumbernauld lines in time for the Commonwealth Games, and delivers the new Edinburgh Gateway Station with connection to Fife line services.</p> <p>Other elements of the current EGIP, i.e. electrification of Dunblane/Alloa services, Glasgow connectivity with Edinburgh Gateway station and the proposal for 6tph on the route via Falkirk, could be delivered in later phases. However, a decision to progress would be dependent on High Speed Rail and wider capacity and affordability issues.</p> <p>Procurement has commenced on Cumbernauld electrification with a delivery date in advance of the Commonwealth Games.</p> <p>Haymarket station capacity and electrification advance route clearance works valued at £55m have been awarded and are underway. Haymarket Station on schedule for completion December 2013.</p>	faster journey times connecting more people with places of work.
NHS Grampian - Emergency Care Centre - development of centre at Foresterhill in	£110m	Stage 1 new build completed on 18 October 2012 and now occupied.	Construction works progressing in line with amended programme (as per June 2012 report).	Jobs have been provided/sustained for local people during the design and construction of the project. The obligation to stimulate the Grampian economy is fulfilled through employing local businesses to deliver work

Aberdeen.		<p>Stage 2 vacant possession of existing A&E Department and handover to the contractor to be achieved by 15 January 2013.</p> <p>Stage 3 external works including demolition of existing A&E Department scheduled for completion by 25 October 2013.</p>		<p>packages for the Emergency Care Centre with over 50% of operatives residing in the Grampian area.</p> <p>In addition, the project is being delivered through Frameworks Scotland which maximises community benefits and opportunities, providing retention, growth and sustainability for the local economy.</p> <p>All projects under the initiative are reviewed for commitment to local labour and subcontractor procurement. Measured results demonstrate 95% of all construction capital expenditure is procured with Scottish organisations.</p>
<p>NHS Lothian - Royal Edinburgh Hospital - developing fit for purpose accommodation for adult acute mental health beds, psycho-geriatric beds, out patient and a range of single system support</p>	<p>Circa £181m (subject to review as part of review process)</p>	<p>To be developed on a phased basis and determined through the review process.</p>	<p>The initial agreement was approved by the SGHD Capital Investment Group in March 2012 and detailed analysis of the financial case, including affordability, will take place at Outline Business Case (OBC) stage.</p> <p>The proposal will be taken forward as a 'hub' Design, Build, Finance and Maintain (DBFM) project and will be delivered on a phased basis with the first phase estimated at £18m.</p> <p>NHS Lothian is currently assessing</p>	<p>HubCo South East Ltd key performance indicators are to ensure that local people are given the opportunity to undertake training leading to employment with its sub-contractors. The Royal Edinburgh is being treated as an exemplar project for Public Social Partnerships.</p>

services.			potential options to meet service objectives through the 'hub' initiative.	
NHS Lothian - Royal Hospital for Sick Children (RHSC) / Department of Clinical Neurosciences (DCN) - Regional hospital for children and young people and Department of Clinical Neurosciences, will be moved to a joint, purpose designed new build facility at Little France in Edinburgh.	£155m	July 2017	<p>Planning in Principle has been awarded and the OBC has been approved by the Scottish Government. Supplemental Agreement 6 has been agreed with Consort, which is the Private Finance Initiative (PFI) provider at the Edinburgh Royal Infirmary.</p> <p>Supplemental Agreement for enabling works was signed on 12 December 2012. Procurement has commenced - OJEU notice published 5 December 2012.</p> <p>The project will be taken forward via NPD.</p>	<p>The Little France site is part of the 'south-east wedge' of Edinburgh, an area of regeneration, and the RHSC and DCN development will further contribute to social and economic improvements, infrastructure development, transport enhancement and social inclusion in the neighbouring areas which have been recognised as socially excluded for many decades.</p>
State Hospital Redevelopment - new build construction of forensic mental health services at the State Hospital on its current high	£92m	2012	<p>Work commenced on site on 17 March 2008. The first phase (activity centre and essential services) was completed in November 2009, four weeks early. The completion of the second phase (ward hub and clusters) took place on the 16 September 2011. Phase 3 was completed on time in June 2012 and the project is fully operational.</p>	<p>The State Hospital employs 700 people, 75% of which live locally. Where possible the hospital buys goods and services that are not on national contract from local providers.</p> <p>A number of the temporary operator staff have since been redeployed and appointed into permanent posts since</p>

security site in South Lanarkshire.				<p>the completion of the re-development and 10 receptionist posts have been created.</p> <p>Energy requirements are now met through the use of biomass which apart from reducing levels of pollution is sourced from companies in Scotland</p>
NHS Tayside - Mental Health Development - provision of new Inpatient Facilities at Murray Royal, Perth and Strathcathro.	£95m	Strathcathro Hospital element of the project and the Murray Royal Hospital completed on time and to programme.	<p>This is the first NHS project to use the NPD model of procurement and also competitive dialogue.</p> <p>The project is now operational.</p>	<p>The main contractor is compiling data on the economic benefits to the local economy in terms of jobs and suppliers. From the Health Board perspective, in 2012-13 there are 116 nursing, medical, therapies and admin posts, along with 28 support services staff (cleaning, catering, portering, reception, supervisory) currently being advertised.</p> <p>It is likely that the latter appointments in particular will be from the local area, while those appointees with specific skill sets that cannot be sourced locally will move into the area permanently and boost the population and the local economy.</p>
NHS Greater Glasgow and Clyde - New South Glasgow Hospitals and Laboratory Facility Project	£842m	The first stage of the new development, the Laboratory Block (£75.8m ex VAT) completed in	<p>Approval to proceed with Stage 1 (Laboratory Construction) of the project was granted in December 2009. This completed in March 2012 and is now fully operational.</p> <p>Confirmation was received on 10</p>	The New South Glasgow Hospitals project established a number of key economic targets to be incorporated into the project delivery, with a particular focus on Targeted Training and Recruitment. The project set a target of 250 new entrant recruits,

<p>- construction of new adult and children's hospital.</p>		<p>March 2012 and is fully operational.</p> <p>The Adult and Children's Hospitals commenced work on site in late March 2011 and the full development is planned to be operational/ in service by the end of June 2015.</p> <p>The final completion of works including landscaping etc is planned for summer 2016.</p>	<p>December 2010 that the Full Business Case for the New South Glasgow Hospitals has been approved by the Scottish Government and the contract was signed with the contractor for Stage 3 (new hospitals) on 19 December 2010. In summary, approval has now been granted for the full £842m project budget.</p> <p>At December 2012, the project remains on programme to complete in 2015 and within approved budget.</p>	<p>including 88 apprentices. To date the project has delivered 190 new entrants, including 54 apprenticeships. The project has also supported over 140 work placements for young people and has dedicated engagement programmes with local primary and secondary schools.</p> <p>To deliver the above targets the project has established a dedicated training and recruitment centre on site, which offers support to contractors in meeting recruitment needs. Moving beyond construction related training, the project through the main contractor has supported and part funded a Centre for Healthcare Excellence at Cardonald College. This will equip young people with the skills and competencies to pursue a future career in healthcare.</p> <p>In relation to SMEs and social enterprises, sub-contract opportunities are advertised through the project website and the Glasgow Business Portal. This is supported by tailored events for SMEs and social enterprises, with over 800 businesses engaged.</p>
<p>NHS Dumfries & Galloway - Royal Infirmary Replacement - refurbishment of</p>	<p>Circa £200m</p>	<p>To be determined through the Business Case process.</p>	<p>Options for delivery of project through the NPD model of procurement are currently being assessed. An OBC is anticipated in spring 2013.</p>	<p>Following approval of the OBC, procurement will commence. Contract approaches will be consistent with Scottish Government policy in seeking to maximise the contribution of the</p>

acute in-patient facilities.				project towards local economic development.
NHS Orkney – Development of Balfour Hospital and Kirkwall Dental Centre	£58m-£62m	To be determined through the Business Case process (estimated to be 2016).	Transforming Clinical Services Strategy completed with the Board now starting to develop a business case for the delivery of the project via NPD. The OBC is due in spring 2013.	Following approval of the OBC, procurement will commence. Contract approaches will be consistent with Scottish Government policy in seeking to maximise the contribution of the project towards local economic development.
Glasgow School of Art - part rebuild to make the School more suitable for modern usage.	£50m	Late 2013	In construction.	<p>The Glasgow School of Art redevelopment project aims to create a world-class creative education and research facility in Architecture, Design and Fine Art.</p> <p>The School has a well-established international reputation, attracting students not only from Scotland but around the world. The project replaces the existing, very poor-condition estate, which is the single greatest risk to the long-term academic and financial sustainability of the School.</p> <p>The School is liaising with St Aloysius College, Garnethill Primary School and the Community Council; meets with representatives from the civil engineering departments of local universities and arranges site visits; runs workshops for the School's Architecture students and advertises SME opportunities through the Glasgow</p>

				<p>Business Portal. To date £1.26m work on the project has gone to local SMEs.</p> <p>The contractor has provided to date 70 work experience weeks; a representative from the contractor attends monthly Community Council meetings; the contractor produces quarterly newsletters distributed to the community; the contractor has donated £200 to Garnethill Summer Play scheme; the contractor has awarded 10 work packages to SMEs (total value over £12m).</p>
Glasgow City Centre Colleges - to create a merged estate for three Glasgow city centre colleges.	£193m	2016	Project is being procured through the NPD model and is currently nearing the end of the competitive dialogue stage of the procurement process.	The new estate will allow the College to play a key role in regenerating local communities. Consideration will be given to using local companies as sub-contractors and offering training and work experience opportunities. This is being discussed with the bidders during the current competitive dialogue stage.
Scotland's Schools for the Future School Building Programme	£1.25bn (£800m of Scottish Government investment with £450m from Local Authorities)	2017-18	Phase 1 and 2 – The first six schools of the Schools for Future Programme opened on schedule. Total capital value of schools opened to date under the programme is £44m, of which SG contribution is £18m. There are a further nine schools currently under construction as part of the programme. Total capital value of schools under construction is £150m of which SG contribution will be £100m. A further 22	<p>The projects provide significant employment opportunities across Scotland both during the building phase and throughout the lifetime of the school.</p> <p>The hub procurement process will ensure that local resources are used wherever possible.</p> <p>The facilities available, especially in</p>

			<p>schools are planned under Phases I and II with a total capital value of some £520m.</p> <p>Phase 3 - On 26 September 2012 the Education Secretary announced the next 30 schools to be built under the third and final phase of the programme. An extra 12 schools will be built due to market conditions and efficiencies in the programme, and the schools will be built sooner after £80 million was brought forward in the Draft Budget for 2013-14.</p> <p>The total programme will deliver 67 new or refurbished schools by March 2018 and lift over 46,000 pupils into top quality accommodation.</p>	secondary schools. will provide significant resources both educational and recreational for local communities.
Parliament House - refurbishment of existing Court of Session	£60m	2013	<p>Phase 1 of the project began in February 2008 and was completed on schedule and within budget in October 2009.</p> <p>Phase 2 tenders were within budget and work got underway, on schedule, in November 2009. The major elements of the phase were completed and occupied in September and October 2011, six months ahead of schedule.</p> <p>A number of follow-on elements of work were undertaken and were generally finished by the original completion date</p>	<p>During the construction phase the project has provided employment for local people and sub-contracts for local companies. Average labour and tradesmen numbers have been 45 over the 4 year duration of the construction. At peak times up to 80 labourers and tradesmen have been engaged in the work. In addition there are up to 20 professionals working on the project, all of whom are locally based.</p> <p>Post construction there will be economic benefits from the improved efficiency of the operation of the courts</p>

			<p>of March 2012. A number of additional elements of work, which were added to Phase 2 were then completed in June 2012. Phase 2 was completed within budget.</p> <p>Phase 3 tenders of the individual work packages by the main contractor were completed and were within budget. Phase 3 was therefore approved and work commenced on site on 1 November 2011. This has reached completion, as programmed in December 2012.</p> <p>Phase 4 is programme of minor of works to complete the outstanding works in the complex. A number of these works have been tendered and it is proposed that these will commence at the beginning of 2013.</p>	<p>in the upgraded facilities (including the installation of IT/AV).</p> <p>Parliament House is also a building of great historic importance which is a destination for many visitors to Scotland with the economic impact associated with such visitors. The project has protected and improved the visitors' experiences.</p>
<p>Scottish Crime Campus - Gartcosh - accommodation for the Police Service of Scotland and its partner agencies, together with a new forensic science laboratory.</p>	£82m	Expected to be completed by autumn 2013, becoming fully operational in early 2014.	<p>Contract 1 has been completed.</p> <p>Contract 2 was awarded on 20 December 2010 and started work on site on 21 February 2011. This contract completed on 5 April 2012.</p> <p>The Management Contractor to oversee Stage 3 (the building fit-out) was appointed on 17 February 2012 and following procurement of the main work packages, installation work commenced in August 2012. Practical</p>	<p>Each stage has included a community benefits programme delivered by the contractor. The Management Contractor for Stage 3 has a programme taking in workforce development, wider employment and skills development, SMEs and social enterprises and community interaction.</p>

			completion of Stage 3 works is expected in October 2013.	
HMP Grampian - design and build new prison	£90m	2013-14	Construction commenced in January 2012 and the project remains on target for prisoner occupation in 2014.	<p>The contractor has been engaging with Burnhaven Primary School. Pupils and teachers have attended the site for a safety awareness presentation and information meetings have been held with the local community.</p> <p>Screen fencing has been erected around neighbours' houses and this has had a positive response. The contractor is also involved with the local Community Impact Group.</p> <p>Local contractors are being used where possible and three labourers and one office administrator have been employed from the local area. Meetings have been held with local stakeholders to review potential community benefits.</p> <p>The main contractor has had four students from Banff and Buchan college on a week-long work experience programme. Visits from Job Centre Plus have also been facilitated, where Construction Skills Certification Scheme candidates were given the opportunity to visit the site and gain some experience of large scale construction works.</p>

Step Change 2015 Programme – Next Generation Broadband	£240m-£270m (including £138.3m of Scottish Government investment, £100.8m of UK Government investment and additional local authority contributions)	2013 to 2015	<p>Two infrastructure projects are included within the Programme:</p> <p>The Highlands and Islands contract is in the course of a competitive dialogue procurement process. The contract is expected to be awarded early 2013.</p> <p>The Rest of Scotland contract is being awarded under a framework put in place by Broadband Delivery UK. This contract is expected to be awarded during the first half of 2013.</p>	<p>Improved connectivity will deliver local economic and SME benefits, including:</p> <ul style="list-style-type: none"> • Growth of a digital economy through the use of digital technologies which help improve productivity and innovation. • Support the transition to a low carbon economy. • Supporting the development of new businesses and flexible working practices such as home working or working remotely. <p>The deployment of the infrastructure will deliver direct and indirect economic benefits in terms of job creation.</p> <p>A recent economic impact analysis of the public sector investment in NGB in Scotland estimated that over 800 direct jobs would be created or safeguarded as a result of the investment during the network installation phase with a further 70 direct jobs to operate the network over a 15 year period. The report also indicated that almost 14,000 indirect jobs would be created over the same 15 year period.</p>
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MAJOR CAPITAL PROJECTS PROGRESS AS AT 12 DECEMBER 2012

SUMMARY OF CHANGES

This note summarises variances in the projected cost estimates and projected timescales for completion arising since the Scottish Government's progress report in June 2012.

A90 Aberdeen Western Peripheral Route (AWPR)

Following resolution of the legal issues, the cost estimate and programme have been reviewed and updated. The delays caused by the protracted Public Local Inquiry and legal challenges have resulted in a substantial delay and increase in the overall cost of the project.

A90 Balmedie to Tipperty

The costs have been revised to reflect current prices.

Edinburgh Glasgow Improvement Programme (EGIP)

As noted in the progress update, EGIP now has a revised, phased delivery strategy. The estimated cost of the initial phase is £650m.

Paisley Corridor Improvements (PCI)

This is no longer included as the project is operational. Details were provided in the previous progress report. Note that timetable development has concluded and the planned service enhancements were introduced on 9 December 2012.

Highland Main Line

This is no longer included as Phase 1 of the project has now been completed at a cost of £1.2 million. It was delivered in two stages: two extra services each way from December 2011 followed by journey time improvements of up to 18 minutes for some key services from December 2012. The Scottish Government's Infrastructure Investment Plan 2011 indicates that the rest of the project is likely to be phased between 2014 and 2025. Plans for Phase 2 are currently being developed by Network Rail in accordance with the Scottish Ministers' June 2012 High Level Output Specification for 2014 – 2019.

NHS Fife - General Hospital and Maternity Services - Kirkcaldy and Dunfermline

This is no longer included as the project is operational. Details were provided in the previous progress report.

NHS Ayrshire and Arran - Mental Health

This is no longer included as the project now has an amended NPD capital value of £48 million, which is below the threshold for inclusion in the report. The revised figure represents the amount agreed by the Scottish Government's Health Directorate.

NHS Lothian - Royal Hospital for Sick Children (RHSC) /Department of Clinical Neurosciences (DCN)

The capital cost of the project has been revised down from the previous 'cap' following recalculation by Scottish Futures Trust of the construction cost cap to reflect movement in the BCIS (Building Cost Information Service) inflation forecast since OJEU.

Kilmarnock College

This is no longer included as the project now has an amended NPD capital value of £45.8 million, which is below the threshold for inclusion in the report. The capital cost of the project has been revised down from the previous 'cap' following recalculation by Scottish Futures Trust of the construction cost cap to reflect movement in the BCIS (Building Cost Information Service) inflation forecast since OJEU.

Inverness College

This is no longer included as the project now has an amended NPD capital value of £47.1 million, which is below the threshold for inclusion in the report. The capital cost of the project has been revised down from the previous 'cap' following recalculation by Scottish Futures Trust of the construction cost cap to reflect movement in the BCIS (Building Cost Information Service) inflation forecast since OJEU.

HMP Low Moss

This is no longer included as the project is operational. Details were provided in the previous progress report.

Step Change 2015 Programme – Next Generation Broadband

Major digital infrastructure programme now included in report.

Annex B

PROGRESS REPORT ON THE HUB PROGRAMME AS AT 12 DECEMBER 2012

This report covers progress on the five geographical territories relating to the hub programme which is being led by the Scottish Futures Trust on behalf of the Scottish Government. The report reflects information on the hub programme as at 12 December 2012.

hub Territory	Total Estimated Capital Value ¹	Progress Update
North	£700m	<p>Hubco was established in March 2011.</p> <p>Aberdeen Community Health and Care Village – first health revenue funded project within the programme to reach financial close in April 2012.</p> <p>Grampian Police custodial suite (£12m) commenced construction in December 2012.</p>
South East	£400m	<p>Hubco was established in August 2010.</p> <p>Three hub projects now operational and completed on time and on budget:</p> <ul style="list-style-type: none">• Drumbrae Library and Community hub, Edinburgh;• Haddington Infants and St Mary's Primary School; and• East Neighbourhood Office & Library, Craigmillar. <p>Wester Hailes Health Living Centre currently in construction and 12 weeks ahead of schedule.</p> <p>Lauder Health Centre under construction with Gullane Health Centre due to commence construction in January 2013.</p>
West	£200m	<p>Hubco was established in April 2012.</p> <p>Kirkintilloch Community hub (£0.5m) already completed and Clydebank Workshops (£1.5m) commenced construction in November 2012.</p>
East Central	£400m	<p>Hubco was established in February 2012.</p> <p>There are 17 projects currently under development with construction expected to start on first project early into 2013.</p>

South West	£400m	Hubco was established in November 2012.
Total	£2,100m	

Table Note

1. The total estimated capital value includes all potential capital and revenue funded projects currently included within the pipeline of projects to be delivered over the next ten years.

