



stop press

Work at East Ayrshire Community Hospital (EACH)

The purpose of this Stop Press is to let you know that the deadline for the owners of East Ayrshire Community Hospital (Cumnock SPV) to finalise financial arrangements with their bank (Alhi United Bank of Kuwait) has passed without a resolution being reached. This means that the creation of the new dental facility cannot now go ahead. This Stop Press explains the background to these events.

What's happened so far?

As you may be aware, over the spring and summer months improvement work has been taking place in the Frail Elderly and Elderly Mental Health wards at the hospital. The space released from Marchburn and

Roseburn Wards was intended in part to be used for a new dental facility.

Following completion of this work, we expected that building work would start on the new dental health facility, with all works completed by December 2011.

Timeline

30 August 2010

The Business Case for the project agreed by NHS Ayrshire & Arran's Capital Planning Steering Group

9 September

A Contract Variation Notice (CVN) formally signed off by the NHS Board to allow Cumnock SPV to develop costs for design and build and associated charges. At this stage it

was anticipated that the works would be carried out between January and September 2011.

23 September 2010

Business Case endorsed by the Finance Committee

18 November 2010

A Contract Variation Notice (CVN) formally signed off by our Chief Executive to enable alterations to bedroom doors and vinyl repairs in Holmburn and Pennelburn wards.

11 August 2011

This would avoid major disruption to patients and staff during main dental works.

10 January – 4 March 2011

Alteration and repair work carried out in Holmburn and Pennelburn wards.

11 March 2011

A 'Heads of Terms' agreement formally signed off by NHS Ayrshire & Arran and BAM outlined that, subject to funder approval to proceed being received by 11 April 2011, the work would be completed by 11 November 2011.

April 2011

Negotiations concluded between NHS Ayrshire & Arran and BAM PPP (Cumnock SPV's parent company) – this formed the basis for the Dental Variation Agreement.

Letters of Authority and Instruction authorised by the NHS Board to instruct BAM to proceed with mobilisation and enabling works to ensure the target date of 11 November 2011 could be met.

11 April 2011

The deadline for BAM's funder approval to enable work to be completed by 11 November 2011.

21 April 2011

The planned date for approval/sign-off of the Dental Variation Agreement and associated detailed plans. Our Chief Executive, Dr Wai-yin Hatton, arrived at a meeting to sign the agreement. No

agreement was produced for signing. NHS Ayrshire & Arran were advised that BAM's funders, Ahli United Bank, now wanted to double their banker's margin (the return on their original long-term loan to BAM) as a condition for their approval of the Dental Variation Agreement.

By this point the Cumnock dental practice, Robert Kerr & Associates, who were scheduled to move into the new dental facility, had signed their part of the agreement on the basis that work would be complete by the agreed date.

Legal teams representing Ahli United Bank, BAM and NHS Ayrshire & Arran then embarked on what is known as 'due diligence' – the purpose of this is to identify if the proposed changes would have an impact on the risks associated with the investment. This work continued throughout the summer months.

22 April 2011

Mobilisation and enabling works complete. This work involved setting up site cabins, erecting security fencing, removing fixtures, fittings and floor coverings in preparation for refurbishment and construction work, and creating new partitions and hoardings in Marchburn Ward.

May 2011

The Board agreed to extend the deadline for BAM to reach agreement with Ahli United Bank to Friday 20 May to allow all parties to sign the Dental Variation Agreement. The contract would then be scheduled for

completion by the end of December 2011.

22 June 2011

Having already agreed, at our request, to one extension because of the ongoing negotiations, the dental practice exercised their right not to extend the Agreement. This meant that they were no longer contractually obliged to move into the dental unit but they expressed an interest in future developments.

July 2011

Due to the delay in concluding the variation agreement, staff raised concerns about the current temporary decant arrangements for patients and staff in Holmburn and Pennelburn Wards. There was a general lack of space for dining and ward-related activities for patients in the decant wards. Agreement was reached with BAM to undertake some re-instatement works in order to improve conditions. These improvements provide access for patients to a part of Marchburn Ward, and additional storage and office facilities for staff.

A number of deadlines had been set by NHS Ayrshire & Arran and exceeded by BAM and United Alhi Bank.

The Dental Practice due to occupy the new dental unit had already indicated their concern about the protracted nature of the process and the implications of the delay. Following a meeting between the practice and NHS Ayrshire & Arran, an agreement was reached that it would be reasonable to set a further, absolutely final deadline of two more weeks.

27 July 2011

The NHS Board formally issued a deadline of Monday 8 August 2011 for all parties to sign-off their approval of the Dental Variation Agreement. As part of the due diligence process, no significant risks have been identified. However, Alhi United Bank is maintaining its claim for a better financial return.

8 August 2011

No contract variation was produced for signing. In the absence of an agreed timetable to complete the project and the continued uncertainty, the project, as agreed with the dental practice, was no longer viable. It has always been the NHS Board's position that without participation of an independent dental practice, the project could not proceed.

This development has been eagerly awaited by the local community for a considerable time. The past few months have been an unsettling time for our staff, the local community and the dentists who hoped to move into the new facility by the end of this year. We share their extreme

disappointment and frustration at the repeated delays and the final outcome.

However, the level of continued uncertainty had the potential to become detrimental to our patient-focussed services at EACH – with an associated impact on our staff. The Board is, therefore, unwilling to give

further, repeated and potentially indefinite extensions to the signing-off of the Dental Variation Agreement.

We now need to move forward with the owners of the building to reinstate the fabric of the hospital to ensure that the ongoing disruption to patient care can come to an end.

Tell us what you think... If you would like to comment on any issues raised by this Stop Press, please complete the form and return it to: Communications Department, 28 Lister Street, Crosshouse. You can also email us at comms@aaaht.scot.nhs.uk or comms@aapct.scot.nhs.uk. If you provide your contact details, we will acknowledge your comments and pass them to the appropriate departments for a response.

Name and department (optional)

Comments