

Project Board Highlight Report

| 1. Project Information: | |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Name: | XXXXXXXXXXXX Grant – Public Sector Decarbonisation |
| Project Objective/s: | Supporting the delivery of NHS Net Zero |
| Project Executive: | Interim Chief Executive Officer |
| Version: | V1 27 th September 2021 |
| Project Director | Interim Managing Director |
| Main Contractor | XXXXXXXXXXXXXXXXXXXX |
| Contract | Variation to the XXXXXXXXXXXX EPC |
| Project Advisors | XXXXXXXXXXXX- Contract XXXXXXXXXXXX- QS XXXXXXXXXXXX- Architects XXXXXXXXXXXX- Structural XXXXXXXXXXXX- Electrical Clerk of Works services |
| Current Project Stage: | Detailed Design Stage and Tender. Contractor site establishment now in place |
| Budget: | Grant 1 £ XXXXXXXXXXXXXXXXXXXX Grant 2 £ XXXXXXXXXXXXXXXXXXXX |

| 2. Project Summary: | | RAG |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Delivery: | <p>The 2 projects are in line with the project programme that has been developed by the contractor and issued to [REDACTED]. An application to extend the contract programme to 31st March 2022 has been approved by [REDACTED]</p> <p>There still remains pressure on the project timelines specifically;</p> <ol style="list-style-type: none"> 1. The GSHP is time dependant on the approval process from the EA. 2. The lead time for air handling units and the requirement to minimise down time for operating theatres whilst plant is being replaced resulting in the agreement to construct new plantrooms. | |
| Budget: | <p>The 2 projects remain within the grant funding allocation.</p> <p>Refer to the finance section below</p> | |
| Key current matters for the project | <p>Development of the [REDACTED] contract proforma and its dependency on the savings/costs of the new [REDACTED] works and their influence on the existing contract elements.</p> <p>Agreement of the window replacement programme and its interface with other capital works and bed pressures which may prevent decanting of the Wensleydale/Swaledale wards</p> <p>To receive the tendered cost for the new roof plantrooms required to house new ventilation plant for both the [REDACTED] and other capital projects.</p> <p>Electrical demand v supply review accounting for electrical additions and omission as part of the project.</p> <p>Agreement of the approval route for the contract restatement.</p> | |
| Key Risks: (Refer to risk register for detail) | <p>Interfacing of the roof, windows and air handling equipment works with the operation of the hospital to develop as design packages progress</p> <p>Lead in time for AHU manufacturing 18 weeks</p> <p>RAAC in corridor areas</p> | |

3. Project Status:

Red – behind delivery against plan and not expected to recover against the plan
Amber – behind delivery against plan but is expected to get back on track
Green – progressing according to plan and within tolerance

| | | |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Current project status: | The 2 projects are in line with the programmes issued to [REDACTED] and approved extension of time but pressure remains on the overall programme | |
| Previous project status: | The 2 projects are in line with the programmes issued to [REDACTED]. Note the formal application for an extension of time is to be reviewed by the Project Board | |
| Reason for current status: | There are now only 3 works packages still at tender stage these are desteamng/pumping, the borehole and the roof plantrooms. The remainder of the works are at either procurement stage or have commenced on site. | |
| Anticipated Project End Date: | Q4 2021/22 | |
| Benefit Realisation: | The 2 projects are anticipated to deliver a reduction in carbon emissions of £[REDACTED] tCO2 and support the NHS journey to Net Zero emissions. The exact figure will be established once all the design packages have been completed. The packages tendered to date, Roofs – improved figured compared to grant application AC controls – matching grant application, Windows - improved figured compared to grant application PV – reduced figure compared with grant application | |

4. Progress since 13/7/21 Project Board:

Achievements:

- BMS replacement works commenced on site
- Window replacement package contractor appointed
- 3 areas of roof replacement works completed

- Solar PV contractor appointed
- Borehole drilling contractor appointed
- Air handling unit scope of works agreed
- Scope of secondary pumping agreed
- ASHP/GSHP at tender and planning permission submitted
- Roof plantrooms submitted for planning permission and at tender
- Pumping/desteaming at tender
- Contract restatement nearing completion

Slippage:

None in month

5. Key deliverables in coming month

- Sign off of window designs and agreement of programme
- Tender returns for remaining works packages
- Agreement of contract restatement approvals process
- Appointment of legal advice for HIF on the contract restatement
- Progression of the RAAC matters relating to the corridor areas
- Increased value of purchase order

6. Changes to project:

- None in month

7. Project meetings held since previous Project Board

| | Date | | | | | | |
|------------------------------------------------|---------|--------|---------|---------|---------|---------|---------|
| Project review group | 26/7/21 | 2/8/21 | 9/8/21 | 23/8/21 | 30/8/21 | 13/9/21 | |
| Reviewable design data group | 27/7/21 | 3/8/21 | 11/8/21 | 24/8/21 | 7/9/21 | 14/9/21 | 21/9/21 |
| Risk register review | | | | 30/8/21 | | | 24/9/21 |
| Pumping and desteaming tech review | | | 11/8/21 | | | | 22/9/21 |
| Window, scaffolding and asbestos co ordination | 29/7/21 | | | | 3/9/21 | | |
| Contract restatement | 14/7/21 | | | 4/8/21 | | | 20/9/21 |

8. Financial status:

Grant 1

| | |
|-------------------------------------------------|-------------------------------------|
| xxxxxxxxxx payments received to date MONTHS) | £xxxxxxxxxx (EXCLUDING THIS |
| Invoices raised by xxxxxxxxx to date | £xxxxxxxxxx (EXCLUDING THIS MONTHS) |
| September xxxxxxxxx application | £xxxxxxxxxx |
| September Milestone payment to xxxxxxxxx | £xxxxxxxxxx |

Grant 2

| | |
|------------------------------------------|-------------------------------------|
| xxxxxxxxxx payments received to date | £xxxxxxxxxx (EXCLUDING THIS MONTHS) |
| Invoices raised by xxxxxxxxx to date | £xxxxxxxxxx (EXCLUDING THIS MONTHS) |
| September xxxxxxxxx application | £xxxxxxxxxx |
| September Milestone payment to xxxxxxxxx | £xxxxxxxxxx |

The fees associated with advisors to HIF received to date is £xxxxxxxxxx
The Trust contingency balance remaining after these costs is £xxxxxxxxxx

Note the costs associated with the Trust/HIF advisors for the new plantrooms are not included in the above.

From September the remaining design & construction contingency included in the combined grant sum by xxxxxxxxx is £xxxxxxxxxx

Reference should be made to the cost estimate for the provision of the 2 additional plantrooms detailed below.

Purchase order extension

To date the works undertaken by xxxxxxxxx have been covered by a purchase order of value

xxxxxxxxxx. The value of the works invoiced by xxxxxxxxx to date including this months is xxxxxxxxx. The invoices that are due to reflect the works done in September are xxxxxxxxx and hence the total exceeds the value of the purchase order.

To allow the finalisation of the contract restatement including formal approvals it is required to issue a further purchase order for xxxxxxxxx to cover the milestone payments of October and November.

9. Target carbon cost

Windows

The original Grant submission was for circa 937m² of window replacement, the extent of that tendered and included in the returned costs is circa 1459m². The energy and carbon saving associated with the works has obviously also increased from 413,711kWhr in the bid submission to 644,1881kWhr resulting in a significant increase in the carbon saving to 118Tonnes pa.

Photo Voltaic

The original Grant submission was for PV panels to generate 140,125KWh of electricity, due the RAAC roofing issues the areas available reduced this to 80,949kWh. This reduction is offset by the additional saving made in the windows and roofing.

10. Carbon Energy Fund Overview

There are a number of points over the last month which we consider to be positive:

- The cash flow milestones and drawdown has been agreed with [REDACTED].
- The works on site are now starting to progress at a pace, and the site team is showing signs of have the strength in depth required for these works
- Imtech have agreed that their disputes over the existing contract, namely excusing causes, Replacement Guarantee Items and KPI's, should NOT affect the restatement variation. These matters can be dealt with separately and using the Dispute Resolution Procedure within the contract if required.
- The restatement variation is now nearing completion, although the final agreement to the pro forma is still required.

During the compilation of the restatement variation, there are a number of issues that the Trust should be aware of:

- Asbestos: known asbestos will not give any delay event or excusing cause, but will need to be removed by the Trust. This is a change to the 2015 contract where Imtech were required to carry out the removal.
- Collateral Warranties: still to be agreed which (if any) items will require a CW.
- Full access to the BMS for Imtech is being written into the contract.
- Insurance: there have been changes in the insurance market since the original contract, mainly owing to Grenfall. Imtech are advising on the impact of these changes, and in particular we have asked what the implications are of an explosion within the boiler house. The 2015 contract had Imtech's insurance covering the structure and fabric of the existing boiler house building.
- The contract does not allow for delay damages, same as the 2015 contract
- The 2 year window for change of law will not apply in this restatement variation, as this is considered unfair given the new technologies being installed
- The Planning for the heat pumps may not be received in time for the restatement variation to be signed
- A formula for the flow temperatures has been proposed by [REDACTED], which is being considered by [REDACTED]
- The new technologies to have RGI's are still to be finalised

The Trust governance for signing the restatement variation needs to be identified, and we need to ensure that the [REDACTED] governance is also observed

11. [REDACTED] Partnership Overview

[REDACTED] attended a Finance Review meeting held at the Estates Department on Monday 23 August 2021. Present were representatives of the Trust, [REDACTED], C[REDACTED] and [REDACTED].

The meeting was held to review how the drawdown of funds from [REDACTED] is to be achieved and how payments are to be made to [REDACTED] going forward.

It was noted that [REDACTED] will only release funds against a suitable invoice.

Previously, [REDACTED] has issued its invoice against a valuation of “works completed to date” as prepared by [REDACTED]

It was agreed that future monthly invoices to [REDACTED] will now be based on “Milestone” payments.

“Milestone” values are to be forecast by [REDACTED] and will include allowances for advance payments where necessary to secure the procurement of materials, allowances for materials off site and design and construction works completed to date.

The invoice value will also include the [REDACTED] fee, any direct works costs from the Trust and a contingency allowance.

Any unspent contingency allowance will be credited back to the Trust separately.

Note that [REDACTED] now has no input or monitoring role in connection with the monthly invoicing to [REDACTED].

[REDACTED] future involvement in this project will be to review the final works cost. [REDACTED] are to provide cost details on a “Cost Plus/Open Book” basis.

12. Works packages for approval/consideration:

The Project Board are asked to note that the design for the new roof plantrooms has been completed by the Trusts design team and this package is at tender via [REDACTED] and has been submitted for planning approval.

The budget cost at this stage, which excludes fees, and non-works costs is £[REDACTED], the allocation of this cost will be subject to agreement between the [REDACTED] and capital works projects.

13. [REDACTED] monthly reports for approval:

The monthly monitoring reports for [REDACTED] have been prepared and included in the meeting documents.

14. Project Board Requests for approval

The project Board are asked to approve the monthly monitoring reports and application for payment submissions to [REDACTED]

The project Board are asked to approve the issuing of a second purchase order to [REDACTED] for the sum of £3,886,000 to cover October and November invoices on the understanding that the contract restatement must be completed and signed before the end of the calendar year.