

Pennine Joint Overview and Scrutiny Committee

Capital report for the Royal Oldham Hospital and the North Manchester General Hospital

1.0 Overall Purpose and Business Case

1.1 The enabling works project has four key objectives as follows: -

1. De-risking future development – at both the North Manchester and Royal Oldham sites to improve resilience, ease of future developments and overall capacity
2. Delivery of savings – financial and carbon emissions – specific energy targets have not yet been agreed, however financial savings are a key objective, particularly to support the Trust in delivering upon its carbon emission obligations of a 34% reduction by 2020/21 (compared to a 2007/08 baseline)
3. Improving resilience – ensuring operational continuity and reducing risk associated with aging infrastructure
4. Addressing backlog – where possible, the address backlog maintenance as part of this project.

1.2 Funding of £10m was allotted to the Enabling Works project based on an SOC drafted in Nov 2016. *[Extract: The infrastructure enabling work is essential and there are benefits to commencing this work as soon as possible to reduce the overall construction programmes. This work can then run in parallel to the preparation of business cases and reduces the overall programme thus bringing forward the ability to deliver the benefits].* A full business case will be submitted in early 2018 for detailed approval of the full defined scope and installation contract.

2.0 Scope

2.1 The scope of the project while defined has a degree of flexibility. The scope of possible improvement works at the Trust not surprisingly exceeds the available funding (due to the age of the estate), however, the project team is focussed on maximising the beneficial impact of the capital investment. A summary of the scope is detailed below.

North Manchester General Hospital	The Royal Oldham Hospital
Capital Works	
<ul style="list-style-type: none"> • Provide a new boilerhouse and boiler plant at NMGH • De-risk the site based upon the technical risks identified • Rationalise the services in readiness for future site rationalisation and where feasible in this project • Prepare the site services infrastructure for future development. 	<ul style="list-style-type: none"> • Steam rationalisation to remove a risk of the poor condition service ducts • Part refurbishment of the boiler plant and preparation of the services for future site development • De-centralisation of services, where feasible as part of this project. • The remainder to be included in the future development projects.
Energy Efficiency measures	

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<ul style="list-style-type: none"> • New combined heat and power (CHP) plant • Energy efficient lighting • Building management system (BMS) optimisation 	<ul style="list-style-type: none"> • Improved metering • Proposal to adopt a new water bore hole • Energy efficient lighting • BMS optimisation
Demolition Works <ul style="list-style-type: none"> • Various defined redundant, out-dated buildings and structures 	

3.0 Project Structure and Implementation

3.1 A detailed Project Execution Plan has been prepared which defines the project scope, team, structure, programme, stakeholders, budget and controls. Project governance has been put in place with defined roles and a Project Board to provide oversight, leadership, direction and a focus for decision making and escalation. The Project Board meets monthly, the Senior Responsible Owner is Lindsay McCluskie. Change Control, including authorised expenditure of contingency is via the Project Board. Graham Lord, Head of Capital Projects is responsible for stakeholder engagement. Day to day management is via a defined Project Manager who can reach out to immediate colleagues for support in delivering the project.

3.2 Procurement of demolition contractors was via competitive tender. Procurement of the capital works and energy efficiency measures was via an Energy Performance Contract Framework which invited framework contractors to tender against scope and objectives and to present a range of work funded via the capital budget and additional measures via Salix borrowing. Following the tender exercise, Breathe Energy were awarded the Contract, however the commitment is limited initially to an Investment Grade Audit (IGA) phase in which designs will be developed in more detail, leading to a BAFO in early 2018. The IGA phase carries a financial commitment of £217,000 which has been approved by the Project Board including Lindsay McCluskie.

3.3 Committed spend as at 26 September 2017 is £242,000. The spend profile is updated monthly via the highlight report. In summary, spend in FY17/18 is estimated at £800,000 with the remainder in FY18/19.

3.4 An overall programme has been prepared which indicates that the project is expected to be completed by December 2018. However, there are key dependencies which this assumption relies on including internal approvals, unknown site conditions, duration of design period and the obtaining of planning consent. The programme is updated monthly and progressed tracked against key milestones.

3.5 An overall risk register was generated following a risk workshop with multiple stakeholder representation. The risk register is updated monthly and reported via the Project Board.