

- Following commencement of the scheme in May 2021, the contractors tendered roofing contractor withdrew from the market and the contractor needed to re-tender this sub-contract. The result was a significant increase in the costs of the roofing element, the cheapest option of which was the proposal put forward by the steelwork sub-contractor, but this was an uplift of £200,468.00 to the tendered figure, but as the contractor had commenced on site and significant early works had been undertaken, this was accepted to progress the scheme and the uplifted agreed tendered contract sum was therefore £6,984,853.52 upon which the scheme progressed.
- Contract works were progressing broadly in line with the contract programme until early Nov.'21, though some delays had been experienced by the delta wave of Covid with some staff absences for isolation both in the design team, construction team and suppliers. In mid Nov.'21, whilst work had commenced on the aluminium roof to the sports hall, The roofing contractor advised that Kingspan, their supplier for gutters had notified them of a change to their requirements for continuous support of the gutters. This had the result that works on the roof had to cease, alternative design to provide continuous supports for the gutters by the engineer which then had to be procured, manufactured and installed to then allow the roofing works to re-commence. This had a major impact on programme, as this coincided with periods for Christmas holidays, and coincided with the appearance of the Omicron variant of Covid 19, the cumulative result of which was a delay of three months to the programme of works, but also involved significant additional steelwork and fabrication to steelworks that were already installed, together with amendments to the design of steelworks currently under fabrication design at the time, for the rest of the scheme.
- Changes to layouts of sub-tenancy areas to suit individual tenants' requirements, but which were additional/amendments to the contract. These include the Café & Soft Play (same tenant), Dental Suite, Nursery, Gym, Babban Studio (formerly yoga studio), Commissioners Offices, Pharmacy and Beautician's area. The above range in layout changes to make them specific to the tenants' requirements, or to remove all walls in the case of the Pharmacy to provide a completely open space for the tenants' own layout, but which required amendment of the structural design to facilitate this. The net result is cost in terms of design and construction, together with extension of the contract period to facilitate these requirements. The additional costs in a number of these areas are being monetised in amended rental agreements with the tenants to compensate for the additional costs over their 10-year tenancy agreements.
- Additional works to sports hall, including addition of volleyball and pickleball markings/equipment to the hall, together with dividing nets and retractable seating to provide maximum lettable flexibility/opportunity for long term revenue generation. Additional revenues generated will compensate for the additional costs.
- Addition of 50Kw/Hr Solar Array to roof of sports hall to provide long-term mitigation of electrical running costs for facility. Break even in less than 10 years.
- The Covid 19 pandemic continued for a little over a year on the IoM from the commencement of the project, and the pressures on availability of materials and labour as a result of the pandemic had negative impacts on both material costs, on labour availability and therefore labour costs and on response timescales. As the tenderer had specifically excluded the effects of Covid from their tender (given that the tender was originally returned during the 1<sup>st</sup> Covid lockdown in April 2020),

resulting impacts from Covid have been acknowledged under the contract. The effects of covid have increased material prices and reduced availability, over and above that which would normally be expected to be within a tendering contractor's ability to contain within fixed price tenders. Delivery timescales have been significantly extended, with different European countries undergoing extended lockdowns, and with China only coming out of lockdown in Jan.'23, creating extended supply chain issues.

- Brexit – Whilst Brexit was not specifically related to the IoM, the wider effects did have an impact. The steelwork and roofing sub-contractor is based in Northern Ireland. As a consequence of the Northern Ireland protocol, which was negotiated during 2021 and into 2022, the sub-contractor had many incidences of disruption as a result of the fall-out of the new protocol, both in terms of extended supply times for raw materials into Northern Ireland, and also in the timescales and availability for transportation out, even down to an inability to obtain articulated vehicle trailers because of the significant drop in the amount of goods being shipped into NI, meaning that empty trailers were not available as was the norm before the protocol, but this had more than two weeks impact on the programme in terms of supply of steelwork to the site, with consequent delays and costs, all of which was outside the contractors control, and was as a result of changes to legislation.
- In February 2022 Russia invaded the Ukraine. The effect on material cost prices and availability has been major as a result. This has been both as a result of sanctions on Russia, which is a major producer of construction timber, but also as a result of significant disruption to European manufacturers of construction materials who were reliant on Russian gas for their manufacturing processes. Many German manufacturers have been on restricted hours of manufacturing operation to 3 days per week, and consequently the supply chain has been disrupted. The supply of the aluminium windows and doors to the project was delayed by 8 weeks as a result of this disruption alone, and raw material cost increases have run through into finished products.
- Significant double-digit and in some cases triple-digit cost increases across multiple base materials including Timber (200%+), Plasterboard (45%), Copper wiring and pipes (40%), Aluminium (45%), Insulation (75%). These are just some of the increases, and for some products such as timber, supply quotes were only valid for 24 hours such was the volatility in the market following the Ukraine invasion. Such increases are well above the usual inflationary materials costs, which would normally be expected once annually, and to be in low single digit figures, but this has made it impossible for the contractor to contain such increases. The design and construction team has done significant works in seeking alternative specifications and suppliers to seek to minimise cost increases, but it has just not been possible in the current market conditions.
- Braddan Commissioners have been informed by the DHSC that they do not wish BPC to access the new Community Centre via the Noble's Hospital Estate. However, this is how the scheme was approved and was agreed by a previous DHSC Minister. This recent statement requires a new access to be formed from Balloates Road, which will have significant cost implications, and which are included in the uplifted costs being sought.