

DELIVERING MAXIMUM RETURNS FOR PPP INVESTORS



The PPP Health project involves the design, the private finance, construction, and operation of a particle therapy centre in northern Germany. It occupies a total gross floor area of 20,500 m². The centre will be operating for the duration of 25 years and up to 2,200 patients will be treated.

EC Harris has been engaged by a consortium of financing banks and service providers, to execute a full technical due diligence report on the project before financial close. EC Harris has been commissioned to provide a full analysis of the project, from a technical and operational perspective, including financial implications of the payment mechanisms and appropriateness of operational and lifecycle costs, including the complex technology solutions required to meet the client's needs.

There have been many challenges for this project including, understanding of the leading edge medical technology and the limited time allowed to complete the scope of work. Further challenges are the continuous changes to specifications and contracts due to ongoing negotiations with the contracting authority and sub-contractors.

Creating Solutions

Our Dusseldorf office worked with the specialist Health Consultancy team within Manchester to deliver the solution required to the client. As Particle Technology is complex medical equipment and requires a high degree of understanding to confirm compliance to clinical requirements, we engaged a German particle therapy expert to comment on whether the solution proposed by the service provider met the needs identified within the tender specification.

“EC Harris provided value for our client by delivering better, faster and simpler solutions.”

The team split itself into separate teams to ensure optimum results by focusing on:

1. Construction and permits
2. Operation, maintenance and technical services
3. Contracts and Penalty mechanisms.

A specialist EC Harris' health cost expert was also employed to evaluate the bidder's construction costs based on benchmarks for similar facilities. Furthermore, a comparison of the project-specifications against the output-specifications of the procurement documents, were also executed with key risk areas identified to the clients.

The financial model was evaluated to understand and provide feedback on the budget of the various services offered, over the nominated timeframe. The sufficiency of maintenance works and life cycle allowances calculated over the contract duration were reviewed and the penalty concept analysed by setting up several scenarios to assess its impacts in a 'worst-case-scenario'. This provided the funder with confidence that the solution proposed by the service provider met the output specification of the Hospital as well as being robust in terms of the initial and ongoing operational phase of the contract.

Adding Value

EC Harris provided value for our client by delivering better, faster and simpler solutions:

Better

- A highly professional team has been assembled within EC Harris using our European PPP team in Düsseldorf, supported by health experts in Manchester
- Due to the experience of PPP which EC Harris has within both the UK and Europe, we were able to provide feedback on the highly complex medical technology solution within the context of a PPP contract - the first of its kind within healthcare
- Due to the EC Harris network, a very accurate evaluation of the project's financial model (construction and operation costs) was possible
- By delivering the required report on time and to the high standard expected for a project of this scale, EC Harris secured further work monitoring during the construction phase.

Faster

- All internal / external teams and experts communicated regularly during the commission to ensure that all project related issues and client requests were managed appropriately allowing the project to proceed on time
- Through setting up a project team from the onset, it has been possible to deliver the Technical Due Diligence (TDD) in time and to prevent a delay in the project schedule
- Through the experience of the EC Harris network and supported by a highly specialised sub-consultant for the clinical equipment evaluation, EC Harris managed to finish the Technical Due Diligence within the very short period of time given and supported financial close of the project on time.

Simpler

EC Harris' understanding of PPP and the technical aspects of the medical equipment allowed us to provide a clear and robust report to allow funders to understand the project and identify risks which needed consideration prior to contract closure.

Contact

Wolfgang Schlicht

Head of Project Finance

e wolfgang.schlicht@echarris.com

w echarris.com/germany