Sandwell and West Birmingham Hospitals NHS
NHS Trust

# TRUST BOARD

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| **DOCUMENT TITLE:** | **Midland Metropolitan Hospital - Submission to the NTDA** |
| **SPONSOR (EXECUTIVE DIRECTOR):** | **Toby Lewis, Chief Executive** |
| **AUTHOR:** | **Graham Seager - New Hospital Project Director** |
| **DATE OF MEETING:** | **28 November 2013** |

**EXECUTIVE SUMMARY:**

Whilst the MMH project was paused changes in the structure of the NHS has led to a requirement for the NHSTDA to approve the MMH scheme. The Board is required to re-consider its re-approval for MMH, which the TDA would then be invited to consider in early 2014 prior to HMT final consideration.

**REPORT RECOMMENDATION:**

The Board is asked to approve the submission of the documentation outlined above to the NHSTDA. In doing so the Board notes the resolution to support the Outline Business Case adopted by a previous Board in public on 30th September 2010. This OBC was based on the need to achieve local access to care but also to rationalise scarce acute expertise. That position has recently been re-endorsed by NHS England with the publication of Stage One of the Keogh Review, which explicitly supports acute reconfiguration. It also reflected the substantial backlog maintenance burden faced by the health economy which is estimated at £130m.

Further the Board:-

(i) **Accepts the revised Outline Business Case** to commission the Midland Metropolitan Hospital, with an opening date in Q3 2018. note that:

- The OBC is consistent with the public consultation undertaken in 2006 and with prior agreed Right Care, Right Here strategies adopted by commissioners and partners
- The OBC is based on a Long Term Financial Model [LTFM] base case of a regulatory 3 in line with Board resolution made in October 2013. This includes a PFI expenditure with a UP of not more than £27m per annum in its base year
- That LTFM demands expenditure reductions which total £166m over ten years from 14-15 and it provides for up to £74m to be invested in equipment, maintenance and IT in the years ahead
- Our expenditure reductions are based on the Trust's successfully implementing staffing levels safely provided elsewhere, but which are less expensive than our current paybill
- The LTFM and OBC provide for up to £32m of capital investment in estate, on which the MMH configuration wholly depends. This will be funded through current cash reserves and future operating surpluses.
- Land disposal for commercial benefit is not assumed in the LTFM base-case, but is part of our agreed Estate strategy September 2013, down-side mitigations, and post year 10 implied financing model. No assumption should be made by other parties that that land is available for their use.

(ii) **Notes that the decision to proceed with PF2 as the funding mechanism is subject to satisfactory completion of the Value for Money analysis. If VfM is demonstrated the Trust would progress the development through the Private Finance 2 funding and construction route**, using procurement documentation that is consistent with national policy, but which reserves third party income within the building to the Trust or its nominated provider. The selection of this route is governed by a risk transfer assessment which has been subject to detailed Board member scrutiny, as well as external advice. This route is selected contingent upon published national policy by HMG which caps the elapsed time from advertisement to appointment of preferred bidder at no longer than 18 months.

(iii) **Believes that the Trust has the capacity and capability to deliver the scheme,** and has an adequate governance system in place to oversee respectively procurement, construction, mobilisation, occupation, and operation. This capability will be routinely tested internally and by use of the Gateway process. We further are aware of the extensive partnership in place to deliver out of hospital transformation, in which we currently participate.

(iv) **Lapses the decision of this Board if the case being approved within it does not proceed to OJEU advertisement on or before April 30 2014.** In that event reconsideration would need to be given by the Board to both the Long-Term Financial Model and the strategic alignment necessary to deliver a transformation on this scale.

(v) **Requires the Executive to report routinely [and never less than quarterly] to the Board**, through its committees and directly from April 14, on whole system progress to deliver the trajectories set out in this LTFM's activity model, as well as any material future system planning documents. We further note and adopt the proposal that a formal review of progress to the demand figures, bed numbers, and outpatient supply model in this OBC should be concluded not less than 15 months prior to the opening date. The results of which should trigger mutual provider and commissioner formal re-confirmation of the safety of those assumptions for the due date, together with any actions agreed to mitigate risk, and that this overall assessment of risk should be made publicly available.

**ACTION REQUIRED** *(Indicate with 'x' the purpose that applies)*:
The receiving body is asked to receive, consider and:

| Accept | Approve the recommendation | Discuss |
|---|---|---|
| | X | |

**KEY AREAS OF IMPACT** ***(Indicate with 'x' all those that apply):***

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| Financial | X | Environmental | X | Communications & Media | X |
| Business and market share | | Legal & Policy | X | Patient Experience | |
| Clinical | | Equality and Diversity | | Workforce | |

Comments:

**ALIGNMENT TO TRUST OBJECTIVES, RISK REGISTERS, BAF, STANDARDS AND PERFORMANCE METRICS:**

21st Century Facilities - New Hospital Project

**PREVIOUS CONSIDERATION:**

MMH plans routinely discussed by Trust Board