Sandwell and West Birmingham Hospitals NHS
NHS Trust

MIDLAND METROPOLITAN HOSPITAL – SUBMISSION TO THE TRUST DEVELOPMENT AUTHORITY

REPORT TO THE TRUST BOARD – 28 NOVEMBER 2013

1.0 INTRODUCTION AND BACKGROUND

The initial OBC for the purposes of Land Approval was approved by the DH on 14th August 2009 on condition that a refreshed version was submitted and approved prior to commencing procurement.

The SWBH Trust Board approved the refreshed Outline Business Case Version 4.1 for Midland Metropolitan Hospital (OBCv4.1) on 30th September 2010. The case was subsequently approved by the SHA on 19th October 2010. It was then submitted to the Department of Health for approval.

Since that time many issues have impacted on the case. The Private Finance Initiative has been reviewed by HM Treasury and the NHS has been restructured. This restructuring has changed the approval route of major capital schemes for non FT status Trusts. Thus the case now has to be approved by the NHSTDA as well as the DH prior to approval by HM Treasury. Final approval will need to be of the OBC and all procurement documentation.

To initiate the approval process it is proposed to release to the NHSTDA the 2010 approved OBC refresh documents together with updates and key financial, workforce papers and other supporting documentation demonstrating that the MMH project remains affordable and deliverable.

2.0 DISCUSSION

The information will be released in the form of the OBCv4.4, which is based on the approved version 4.1 updated for comments and requirements from SHA and DH before the approval process was paused. The Board has received version 4.4 as part of the MMH Board assurance process. OBCv4.4 will be supplemented with the enclosures listed in Appendix 1.

Building on OBCv4.4 key new documents for the Board to consider are:-

Reference no.	Document	Date Drafted
Enclosure 15	Long Term Financial Model	To be received Meeting being held 22 November
Enclosure 20	Report re workforce Reduction and Skilling Model	31 October 2013
Enclosure 17	SWBH Annex B – 2 Year Cost Improvement Plan 2014/15 – 2015/16	September 2013

Enclosure 40	Updated drafts of chapters 11 and 12 plus relevant updated appendices	November 2013
Enclosure 23	Equality Impact Assessment	18 November 2013

Enclosures 40 and 23 are attached to this paper as they have not been considered in Committee

3.0 APPROVAL CHECKLIST

As part of the submission the NHSTDA require the completion of their Business Case Checklist. This has been completed for this submission and is enclosed as Appendix 2.

4.0 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.

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.

Appendix 1: OBC update enclosures

Right Care, Right Here Acute Hospital Development
OBC Enclosures
Updated November 2013

Reference no.	Document	Date Drafted
Enclosure 1 (separate file)	Assurance Pack	September 2013
Enclosure 2	Trust Board Minutes approving Assurance Pack	25 July 2013
Enclosure 3	Approved Renewal of Outline Planning Consent	8 July 2013
Enclosure 4	RCRH OBC Refresh Response to SHA Comments	September 2010
Enclosure 5	Board Paper Requesting Approval of Version 4.1 OBC	30 September 2010
Enclosure 6	Trust Board Minutes Approving Version 4.1 OBC	30 September 2010
Enclosure 7	SHA Board Minutes approving Version 4.1 OBC	19 October 2010
Enclosure 8	Sandwell PCT letter approving Version 4.1 OBC	27 July 2011
Enclosure 9	Birmingham and Solihull NHS Cluster approving Version 4.1 OBC	26 July 2011
Enclosure 10	Healthworks GPCC letter approving Version 4.1 OBC	27 July 2011
Enclosure 11	The Black Country Family Practice letter approving Version 4.1 OBC	27 July 2011
Enclosure 12	Sandwell Health Alliance letter approving Version 4.1 OBC	28 July 2011
Enclosure 13	Smartcare Consortia, Birmingham letter approving Version 4.1 OBC	27 July 2011
Enclosure 14	ICOF CCG letter approving Version 4.1 OBC	27 July 2011
Enclosure 15	Long Term Financial Model	To be received Meeting being held 22 November
Enclosure 16	Finance and Investment Committee Minutes Approving Long Term Financial Model	To be received Meeting being held 22 November 2013

Enclosure 17	SWBH Annex B – 2 Year Cost Improvement Plan 2014/15 – 2015/16	September 2013
Enclosure 18	V57 RCRH Activity and Capacity Projections – Specialty Packs	October 2013
Enclosure 19	Audit Committee Report on Reference Cost Process	6 December 2012
Enclosure 20	Report re workforce Reduction and Skilling Model	31 October 2013
Enclosure 21	Equality Delivery System Grading Report	March 2013
Enclosure 22	A Review of Sandwell and West Birmingham Demography and Diversity	July 2013
Enclosure 23	Equality Impact Assessment	18 November 2013
Enclosure 24	Risk Register (Pre procurement)	November 2013
Enclosure 25	IT Strategy	To be received
Enclosure 26	Trust Board Minutes Approving IT Strategy	To be received
Enclosure 27	Estates Strategy 2013/14 – 2019/20	September 2013
Enclosure 28	Not used	
Enclosure 29	Not used	
Enclosure 30	Functional Brief	August 2011
Enclosure 31	MMH ADR and Affordable Models Presentation	November 2013
Enclosure 32	1:200 Floor Plans	November 2013
Enclosure 33	Reviewed Schedule of Accommodation	To be received
Enclosure 34	Invitation to Participate in Competitive Dialogue (ITPD) – Volume 1	September 2011
Enclosure 35	Invitation to Participate in Competitive Dialogue (ITPD) – Volume 2	September 2011
Enclosure 36	Invitation to Participate in Competitive Dialogue (ITPD) – Volume 3	September 2011
Enclosure 37	Invitation to Participate in Competitive Dialogue (ITPD) – Volume 4	September 2011
Enclosure 38	Schedule of 1:500 Whole Hospital Engagement Sessions and 1:200 Bootcamps held September/October 2013	Sept/Oct 2013
Enclosure 39	Notes from Foundation Trust Members Engagement Events	October 2013

Enclosure 40	Updated drafts of chapters 11 and 12 plus relevant updated appendices to form part of OBC version 4.5	November 2013

Appendix 2: NHSTDA Business Case Approval Checklist

NHS Trust Development Authority

Business Case Checklist (Version 1: 18 January 2013)

This checklist is for use by the Directors of Delivery and Development and Business Support teams in reviewing and providing assurance on capital investment and property transaction business cases and should also be of use for business case writers in NHS Trusts in order to both structure the business case and to ensure that all aspects of the case have been covered.

This checklist is intended for generic use in relation to capital schemes. Some questions in the checklist will therefore not apply to all types of business case.

NHS Trust Name:	**Sandwell and West Birmingham Hospitals NHS Trust**
Scheme Name:	**Midland Metropolitan Hospital**
Date of Submission to NHS TDA:	
Status of business case e.g. SOC/OBC/FBC	OBC

Checklist Sign-off	Completed By	Date
NHS Trust		
• **NHS TDA Director of Delivery and Development Team**		
• **NHS TDA Corporate Finance Team – Capital and Cash**		
• **NHS TDA Director of Finance (where relevant)**		
• **NHS TDA Capital Investment Group**		
HM Treasury/ DH (where relevant)		

Brief summary of scheme content:	The development of a new acute hospital on a brown field site in the Grove Lane area of Smethwick(in Sandwell) to replace the current Sandwell General and City Hospitals, as part of the wider changes to health and social care within the health economy being undertaken in the Right Care, Right Here Programme. This will result in a major shift of care away from the acute hospital into community settings, major investment in new community and primary care facilities and the state

	of the art new single-site acute hospital proposed in the OBC.
NHS Trust Project Director name and contact details:	Graham Seager
Capital costs – including VAT:	C £350m
Proposed start on site date:	January 2016
Proposed start operational date:	October 2018

Approvals

	Date
Date the SOC was approved by: • the NHS Trust Board or delegated committee; • the NHS TDA Director of Finance (where relevant); • the NHS TDA.	July 2004 Approved by predecessor bodies
Date the OBC was approved by: • the NHS Trust Board; • • the NHS TDA Director of Finance (where relevant); • the NHS TDA and HMT/DH if required.	Original OBC for Land Purchase approved 2009 OBC Refreshed and approved October 2010
Date the FBC was approved by: • the NHS Trust Board; • the NHS TDA Director of Finance (where relevant); • the NHS TDA and HMT/DH if required.	

1. Strategic and technical case (including approvals and stakeholder involvement)

	NHS Trust Yes/No	**DD&D Yes/No**	**Comments and further references in the business case**
Strategic aspects 1.1 NHS Trust Board has approved all parts of the business case.	Yes		The Trust Board has approved both the Original Business Case to support land acquisition in 2009 and the OBC refresh in October 2010. References in this checklist are to the OBC refresh document version 4.4, unless otherwise indicated.. The Board have been through an assurance process to note changes since the OBC refresh and agree the case is not significantly changed. Encs

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
			1, 2, 6. Activity, finance, workforce and design updates are in process and will be approved prior to OJEU.
1.2 Clear background and rationale is set out and consistent with Government policy and strategic priorities. Any specific policies/priorities should be listed.	Yes		See section 4 for background. Rationale set out in section 5: Strategic Context. Policies and priorities are listed in section 5.2 updated for the white paper 'Equity and Excellence: Liberating the NHS'
1.3 The underlying health need for the investment is set out clearly in the executive summary of the business case.	Yes		See section 1.5
1.4 Clear SMART objectives with clearly defined benefits which are measurable and time related and which are included in benefits realisation plans/CIPs as appropriate. This should be consistent with benefits identified in the economic case.	Yes		Objectives are set out in section 6.4. Benefits are presented in section 6.5 and 14.2 and a benefits realisation plan is presented in appendix 14b. A financial valuation of the benefits was included in the economic appraisal in section 8.1 and at appendix 8g.
1.5 Relevant Clinical Commissioning Groups (CCGs) and other relevant bodies and other commissioners with a material interest in the scheme have provided written confirmation supporting:	Yes		The following support letters from 2009 and 2010 are available: SHA (Appx 2a) DH (Appx 2b) Sandwell PCT (Appx 13a) Heart of Birmingham PCT (Appx 13b) The following support letters from July 2011 are available: The Birmingham and Solihull Cluster Board (Encl 9) Black Country Cluster Board (Encl 8) Black country Clinical Commissioning Group (Encl 11) Healthworks GPCC (Encl 10) Intelligent Commissioning Federation (Encl 14) Sandwell Health Alliance (Encl 12) Smartcare Consortia Birmingham (Encl 13) These support letters will be renewed as part of the current process from the two new CCGs and the LAT Minutes from SHA Board Meeting approving version 4.1 OBC attached at Encl 7

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
a) the proposal, approving the case and all key parameters, documented in the relevant NHS Trust Board minutes;			Expect sign-up from those commissioners who will fund at least 80% of the service affected by the investment - as above This is being specifically re-approved as part of the CCG support case for the scheme
b) the future activity assumptions, these being consistent with those of the NHS Trust and the NHS Trusts expected income and the CCGs own financial projections.			See letters of support listed in Section 1.5 above
1.6 The Health and Wellbeing Board has been consulted and its support provided in writing where applicable.			This is being reconfirmed from the two bodies who are represented in RCRH Partnership Board.
1.7 Changes to key services must continue to be consistent with four key tests for reconfiguration (provide evidence):	Yes		This test will be met through the prior consultation, subsequent support letters above (see section1.5) and a requested letter of support from local Healthwatch.
• support from GP Commissioners/CCGs;			
• strengthened public and patient engagement;			See Appendix 3c
• clarity on the clinical evidence base;			See Section 5 of OBC Appendix 9b
• consistency with current and prospective patient choice: does the scheme support greater choice of treatment and access or quality of service provision?			See Section 3.1.4 of OBC
1.8 The NHS Trust Board has approved all parts of the bid, in particular:	Yes		The Trust Board has approved both the Original Business Case to support land acquisition in 2009 and the OBC refresh in October 2010 (Encl 6) References in this checklist are to the OBC refresh document unless otherwise indicated.
• the strategic fit and service models;			The Board have been through an assurance process to note changes since the OBC refresh and agree the case is not significantly changed(assurance process) Encl 1 Activity, finance workforce and design updates have been approved.
• overall activity in relation to agreed contract and annual operating plan agreements;			As in 1.1 above

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
• financial impacts.			
1.9 The bid demonstrates that service planning for new acute facilities: a) is linked to decisions about primary and community care services, set in the context of the current planning guidelines and outcomes framework, and consistent with the Joint Strategic Needs Assessment and the Joint Health and Wellbeing Strategy;	Yes		Section 5.4 outlines how the case fits with local strategies. Consistency is ensured by the joint agreements set out in the Right Care right here Programme. The programme framework is available at Appendix 3a and programme principles at Appendix 3b. *Section 5.4 will be updated but principles should not alter*
b) clinical and service priorities have been informed by consultation with the local patient/wider population and evidence provided that the findings have influenced the scheme development (e.g. design) and specific references are made to: • how investment is compatible with the QIPP agenda going forward; • how investment is consistent with focusing more resources on prevention; • how the scheme improves service quality and safety; • the integration of health, social care and public health.			This is explicitly implied within the discussions about post QIPP funding available to CCGs, which is alsopost Transformation Fund. Public Health directors are represented on both RCRH and HWBs. See OBC sections 5.2.1, 5.2.2, 5.2.3, 5.2.4 and Encls 38 and 39,
1.10 Mental health schemes should demonstrate consistency with current policy.	N/A		
1.11 The NHS Trust has demonstrated that activity and capacity planning is consistent with requirements of the commissioners/ local health economy, and is robust.			Reviewed by consultation committee at its last meeting to test sensitivities of approval
1.12 The proposal is consistent with projected activity levels and the service changes developed in the local health economies (and demonstrates how it contributes to local and regional QIPP plans).	Yes		Section 5.4 presents the approach to activity and service model consistency in the local health economy through the Right Care, Right Here Programme. *Section 5.4 will need updating but principles should not alter* Section 9.6.20 demonstrates alignment with national and local QIPP plans. Will be updated for latest figures

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
1.13 The proposal is able to clearly describe its interrelationship to other investments and service developments by other parties (e.g. community-based organisations) to achieve the revised service configuration. Details on each related programme are set out.	Yes		Section 5.4.3 presents the interrelationship with other local service developments Section 5.4.5 presents the relationships with other capital investments. *Section 5.4 needs adjustment for the latest primary care investment plans from the CCG, as well as our revised HIS strategy*
Technical aspects 1.14 The proposal is compliant with NHS estates design and costing requirements, including taking account of proposal 'abnormals' Costs to be set out using DCAGs (or new HPCG) on OB forms and latest promulgated Department of Business, Innovation and Skills (BIS) PUBSEC index (which has superseded MIPS). In addition there should be:	Yes		SHA estates representatives (in 2010) reviewed and signed off all the Trusts OBC and MMH procurement documentation as being feasible and in accordance with the Design Development Protocol. See Estates Annexe within Appendices
• a reasoned contingency sum • the inclusion of any consequential planning costs, e.g. s106.	Yes Yes		These will be updated for the architectural refresh
1.15 The business case shows: • evidence of the use of AEDET (NHS Achieving Excellence in Design Evaluation Toolkit) and there is evidence of scoring of the evaluation of the design proposals; • compliance with firecode; • Building Regulations, including an appraisal of the fire protection strategy.	Yes		Section 9.3.7.3 presents the application of AEDET Covered in Fire design principles AQ2 Section 6.2.4 Estates Annex, Functional Brief section 3.10 Fire Precautions, Schedule 8 part 3 Building Regulations and HTM / HBN Compliance section 2.2.1, Section 2.2.3 Building regulations, section 2.11.1 Fire Safety, Section 5.2.1.2 Fire Alarms, Section 5.2.20.1 Fire alarm systems, Section 6.6 Fire, Health & Safety

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
1.16 Please detail any land transactions that are necessary to enable the scheme, together with any conditions that are attached to those transactions, including any constraints relating to the site. If there are conditions, are they built into the options appraisal?	Yes		The Trust has now acquired the land at Grove Lane under CPO.

2. Economic Case

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
2.1 Has a wide-ranging long-list of options (including a do-nothing or do-minimum) for achieving the investment objectives been drawn up? Does it reflect the views of all stakeholders?	Yes		See section 7 for details of how the options have been developed Note the options appraisal retained from OBC v 2.0 (the land business case)
2.2 Are the criteria for the short listing of options clear? Do they derive clearly from the investment goals set out in the Strategic case, and have the reasons for their relative weightings been set out?	Yes		See section 8 for details of how the options have been evaluated It was agreed that the OBC refresh need only re-examine Do- Minimum and Grove Lane options.
2.3 Have costs, valued benefits, optimism bias (where relevant) and quantified risks been combined to give a net present value for short listed options?	Yes		See section 8 and appendix 8.g for details of how the options have been evaluated and how this was updated to include valued benefits
2.4 Is the preferred option consistent with the results of the cost, benefits and risk appraisals? If not, why not?	Yes		See section 8.6 for the overall conclusion to the original Option Appraisal and appendix 8g for the updated economic appraisal.
2.5 Appropriate sensitivity analysis has been performed on the key variables to demonstrate that the preferred option remains value for money under a range of plausible scenarios compared with other short listed options, including worst case scenarios.	Yes		See section 8.5 for details of the sensitivity analysis
2.6 Have costs been shown in constant prices, with the base year clearly stated and the current year shown as Year 0?	Yes		See Appendix 8g. 2010/11 is year 0.
2.7 Have all relevant capital costs, revenue costs, opportunity costs, organisational development costs, lifecycle costs, residual values, avoided costs and costs borne by	Yes		See section 8 for the original Option Appraisal and appendix 8g for the updated economic appraisal.

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
others been identified and properly assessed? The costs should cover the whole life of the investment usually and care should be taken not to double count them.			
2.8 Does the economic appraisal exclude sunk costs (those already incurred, e.g. project management), transfer payments (e.g. redundancy payments, VAT), depreciation, capital charges and other non-resource costs?	Yes		See section 8 for the original Option Appraisal and appendix 8g for the updated economic appraisal.
2.9 Is the appraisal period appropriate to the life of the asset? (e.g. the economic life of a building is generally considered to be 60 years).	Yes		See section 8 for the original Option Appraisal and appendix 8g for the updated economic appraisal.
2.10 Have benefits been identified for all short listed options through consultation with stakeholders?	Yes		See section 8 for the original Option Appraisal and appendix 8g for the updated economic appraisal.
2.11 Are the benefits consistent with investment objectives and benefits realisation plan identified in the strategic and management cases?	Yes		See section 8 for the original Option Appraisal and appendix 8g for the updated economic appraisal.
2.12 Have valued benefits been discounted over period of appraisal? (Discount rate should be 3.5% for the first 30 years and 3% for years 31 to 75).	Yes		See appendix 8g for the updated economic appraisal including valued benefits. Discount rates in accordance with HMT guidance and Generic Economic Model in 2010.
2.13 Have the values of benefits been stated in constant prices and consistent with cost assessment?	Yes		See appendix 8g for the updated economic appraisal including valued benefits.
2.14 Have the weights and scores for qualitative benefits been sufficiently justified for non-quantified benefits?	Yes		See 2.13 above
2.15 Is there a clear plan to ensure monitoring and evaluation of the valued benefits?	Yes		See section 14.2 and 14b.

3. Commercial Case

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
3.1 What procurement is required? Has the business case described the goods, services or buildings/premises to be procured?	Yes		Design, build and financing of new hospital on land acquired by the trust and provision of lifecycle and Hard FM services for 30 year term

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
3.2 The procurement process to be followed, in accordance with EU regulations, is set out and confirms the procedure to be used. E.g. for PFI, Competitive Dialogue must be used, but for public capital the Open, Restrictive, Competitive Dialogue or Negotiated procedures can be used provided there is justification for the particular route adopted.	Yes		See Encl 40 for details of the procurement methodology.
3.3 The procurement strategy, (for example, the process of taking the shortlist of bidders to a preferred bidder) is set out and is otherwise realistic and robust; there is a credible timetable and sign-off from the NHS Trusts advisors that it complies with procurement legislation.	Yes		See Encl 40 for details of the procurement methodology. [Note – the procurement strategy will be updated to comply with PF2 and other changes and agreed prior to completion of approvals]
3.4 The work needed to complete the necessary procurement documents (for example OJEU, ITPD, evaluation criteria, all output specification schedules for works and services, contract, payment mechanisms where applicable) is set out and the required resources and timetable are identified.	Yes		See Encl 40 for details of the procurement methodology. See Encl 40 for the procurement project plan [Note – the procurement strategy will be updated to comply with PF2 and other changes and agreed prior to completion of approvals]
3.5 Clear contractual key milestones and delivery dates are set out that are realistic.	Yes		See Encl 40 for the procurement project plan [Note – the procurement plan will be updated to comply with PF2 and other changes and agreed prior to completion of approvals]
3.6 Has the NHS Trust set out and described a full equipment strategy?	Yes		See Encl 40
3.7 Outline planning permission has been obtained for all the developments described in the business case.	Yes		Permission was granted to the Trust's outline planning application on 29th October 2008. There are a number of conditions attached to this approval which have been taken in to account in the development of the PSC and will be included in the ITPD; the section 106 requirements outlined in the approval have also been fully described and costed in the PSC. The Outline planning permission was refreshed in July 2013 and remains valid until June 2019, see Encl 3.

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
a) where exceptionally authorities do not grant outline planning permission, the NHS Trust can demonstrate that planning authorities have no major objections to the scheme and the development principles are agreed;	n/a		
b) the impact of any significant conditions included in the planning permission is set out;	Yes		
c) strategy to engage the local planning authority to minimise forward risks is described.	Yes		

4. **Financial Case** (References to LTFM tabs can be found in folder in electronic version)

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
4.1 Is all funding assumed by the NHS Trust (capital and revenue) secured and confirmed by all parties?	Yes		See section 9.6.19 about transitional funding and letters of support from commissioners, which are available separately. All revenue and capital support letters to be renewed during approvals process Trust is assuming support for a £100m PDC, non-repayable, contribution within the Business Case.
4.2 Any elements of the scheme to be funded from external sources, capital and revenue, (borrowing, PDC, charitable, external grants, and other non NHS Trust sources etc.) are identified with the profile of funding/spend by year. Confirmation to be evidenced by the external provider of the funding.	Yes		LTFM updated and confirmation of support renewed during approvals process LTFM Tab I_BSFOR reflects request for £100m PDC actioned equally across three financial years from 2015/2016
4.3 In addition, support, including potential support for external commitments, must have been received in writing. Where amounts are uncertain alternative sources of funding must have been identified.	Yes		*Expect CCG letters that will confirm the CCG is content with activity modelling (thus confirming NHS Trust income)* Support letters are as listed in section 1.5.
4.4 Where borrowing is assumed the source of the loan, amount of loan, loan term assumed, interest assumed, prudential borrowing	Yes		See I_BSFOR tab in LTFM. No further loan requirements are anticipated

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
assessment and repayments need to be clearly stated. A statement showing the effect of the loan on the NHS Trusts financial position and financial risk ratings before the loan and after assuming the loan need to be modelled through the NHS Trusts LTFM and should be included within the business case.			
4.5 What are the sources of income? Sources of income need to be clearly described (including non-recurrent, transitional, third party, NHS Trust resources, land sales etc.)	Yes		See I-Income tab in LTFM for mainstream clinical income. Tab SDEV Summary for anticipated future developments. I-PFI tab for Project funding and taper relief.
4.6 A commentary on the underlying/ normalised financial position is provided for the last two completed years and the forecast for the outturn for the year in progress. Identify any: a) Non-recurrent support; b) Non-recurrent income; c) Non-recurrent costs; This normalised financial position agrees with the LTFM provided. This section should include a statement of the NHS Trusts overall reference cost and specialty level where business case is specialty level specific, as these are a rough indication of a NHS Trusts scope for performance improvement.			See section 4.2.8 2008/09 and 2009/10 (OBC approved by Trust Board in September 2010) The OBC does not detail non recurrent items in historic years. Transitional funding for future years presented in section 9.6.19. See I-NE Tab in LTFM. Non-recurring income and expenditure exists across the timeline. This typically includes: Project funding and costs Taper relief support Dual running costs Technical impairments Transitional costs including restructuring costs, section 106 commitments and MMH orientation/backfill costs. Reference cost performance can be reviewed in a supporting paper
4.7 Projected Income and Expenditure accounts are provided that fully include all anticipated operational developments that: a) cover the past two years' figures, current year forecast and at least a five year projection. These must contain appropriate commentary			Note – this data must be presented both in the form that Monitor would accept (i.e., excluding impairments) and in the form used for DH accounting (i.e., impairments are included, though not funded by the NHS Trust). See section 4.2.8 and Appendices 9i and 9o.

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
and notes that cover; • all key underlying assumptions used (such as pay awards, incremental drift, PBR income and non PBR income, maintenance, and the income assumptions must be supported by the commissioners and reflected in their commissioning assumptions); • details of the inflationary assumptions used and evidence that this is consistent with the NHS Trust assumptions contained within the LTFM; • income and activity assumptions are clearly stated and demonstrate:			See 9.6.5 for assumptions used. All results are presented within the LTFM. I-Income – Core Activity and Income Assumptions I-Cost – Core cost movements, including incremental drift, RCRH changes, growth, non-recurring costs, CIPs I-Infl-Inflation assumptions linked to implied efficiency requirements S-Devs – Strategic service developments including new community based initiatives Refer to Sections 3 and 4 of Report to Finance and Investment Committee for supporting narrative Key assumptions found in Appendix to above report
• non recurrent items such as clearance of backlog waiting lists are correctly accounted for; • the effect of national policy initiatives are clearly shown within the business case e.g. patient choice, AQP etc.; • the impact of QIPP is clearly shown within the NHS Trusts income and activity calculations; • the effect of best practice tariffs embedded into the tariff are clearly shown within the business case where relevant;			See I-KPI tab in LTFM for high level metric Specialty pack performance indicators are supplied by clinical group and specialty (Encl 18)

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
• the impact of casemix change is shown within the business case where relevant; • parameters used to determine bed, theatre and other capacity requirements are clearly set out (including LOS, occupancy rates, daycase rates, theatre efficiency rates, theatre utilisation) and are shown against local and or national benchmarks; b) a clear statement of affordability is included and the impact of the scheme on NHS Trust finances and the NHS Trusts ability to meet any statutory financial duties applying to the NHS Trust is clearly stated; c) ongoing maintenance commitments are included; d) any impairments, deferred assets and residual interest charges; e) workforce implications are clearly described and costed in £'s and wte's and include: • the staff and cost implications of service redesign are set out; • workforce modernisation has been demonstrated and linked to service re-design;			
• the plans are aligned with the NHS Trusts workforce strategy and LTFM; • where workforce implications impact partner organisations these have been agreed with those organisations and if TUPE arrangements apply these have been agreed with the organisation concerned. Where change requires consultation the NHS Trust needs to demonstrate			LTFM, I-COST tabs and S-DEV tabs contain workforce trajectory. Workforce headline changes summaries in paper to Finance and investment Committee Workforce redesign process and theme changes paper supplied to Board in October 2013 (Encl 20)

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
that this has been built into the business case timetable; • where staff reductions have potential financial impact these have been included and costs have been covered by the NHS Trust; • Full Quality Impact Assessments (QIA) have been undertaken and have been signed off by the Medical and Nursing Directors. f) the I&E account projections should be shown gross and net of any one-off impairment charges, so that the underlying financial performance is clear; g) the I&E account information supplied should be consistent with the NHS Trusts LTFM.			See (Encl 17) Cost Improvement Plan. More detail available from Trust TPRS reporting system, if required
4.8 A projected cash flow statement is provided for the same period (as for the I/E) and demonstrates that there is sufficient cash flow to cover running costs and debt servicing in the transition/double running period and beyond.	Yes		See updated LTFM Tab C-CASH
4.9 Where NHS Trust efficiency savings/cost improvement programmes are required to deliver affordability, including any short-term financial recovery requirements: a) the measures proposed have been sanctioned by the NHS Trust Board (underlying CIP and additional revenue for the project);	Yes		See updated TSP plans (Encl 17) Implied efficiency calculation can be viewed in LTFM tab)-Efficiency. I-CIP Summary analyses the Trust CIP plans in summary subjective form. Detailed savings plans have been prepared separately for 2014-2015. TSP Plans for 2014-2015 and 2015-2016 are available in detail in Annex B and Encl 17
b) responsibilities for delivery have been assigned; c) likely amounts quantified; d) there are underlying plans supporting the CIP programme including Quality Impact Assessments signed off by the			

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
Medical and Nursing Directors; e) details of the NHS Trusts performance at delivering its CIP plans for the previous 2 years, analysed between recurrent and non-recurrent schemes; f) monthly outturn on existing programme is provided.			
4.10 There is alignment between the business case and local/regional QIPP plans. Where NHS Trust QIPP savings are required to deliver affordability, or recovery arrangements are required to ensure robust finances: a) The measures proposed have been sanctioned by the NHS Trust Board; b) Responsibilities for delivery have been assigned likely amounts quantified; c) Monthly outturn on existing programme is provided; and d) Contingencies should also be identified.	Yes		TSP plans for 2014-2015 and 2015-2016 are available in details in Annex B and Encl 17
4.11 The business case plans must acknowledge that: a) best practice tariffs are being expanded to cover a number of new service areas; and b) any further efficiency requirements embedded into the tariff are included within the business case.			Model assumes trajectories for current best practice tariffs. No new ones have been modelled. However, future tariff deflation has been modelled which might be considered to include the impact of all price changes.
4.12 Where the NHS Trust is in financial deficit: a) It can demonstrate that its recovery plan is robust, and will bring the NHS Trust back into surplus;	N/A		Not relevant
b) The NHS Trusts monthly performance against the recovery plan is provided; and	N/A		Not relevant

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
c) The NHS Trusts plan is supported by the NHS Trust Board, the CCG and the NHS TDA.			
4.13 The procurement costs: a) are clearly set out, including the basis for internal costs of the project team and the costs of advisers and technical support etc. b) are included in the forward I/E projections (see below) c) any funding provided from commissioners or others for these is also included in the I&E, NB: these need to have been confirmed as agreed by the relevant organisations' Boards or individuals/groups with the delegated authority to agree such amounts. There should be commentary on the sources of funding, the agreements to provide funding and any conditions attached.			See Encl 40 for project budget. Project funding has been agreed with PCTs and agreed levels have been included in I&E projections. Project Forecast Expenditure may be found discretely within I-PFI tab.
4.14 The NHS Trust has included in its projections all double running and decant costs and any other transitional costs in the financial projections and has explained the basis for their calculation, and the extent to which any funding is available for meeting those costs. Funding for transitional costs should be put in I&E projections, but only where the funding has been confirmed and evidence of this has been provided.			The Trust is assuming receipt of 7.5% of capex taper relief income support. Dual running costs largely in respect of estates costs of c£5m is set aside for three financial years. No further specific transitional income has been introduced into future years.
4.15 The NHS Trust has completed switching analysis on each key variable to assess what is the maximum and minimum of each of the following for the scheme to remain affordable (keeping other			This was done for the economic appraisal presented in the OBC approved in August 2009.

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
variables as per the base case): • activity charges; • efficiency gains; • cost improvements; • income/ PBR parameters; • pay costs; • drugs and other running costs; • construction inflations.			
4.16 A 'bridge' statement is provided showing how the incremental cost of the scheme for the first full year of the operation is proposed to be funded (e.g. efficiency saving, capital charges savings, application of existing budgets etc).	Yes		The LTFM provides a bridge analysis across the lifespan
4.17 The anticipated balance sheet treatment of the scheme is set out. Any unusual risk factors are fully analysed and discussed.	Yes		See updated LTFM
4.18 Detail any land transactions that are necessary to enable the scheme, together with any conditions attached to those transactions. Have costs of those transactions been incorporated into the case?	Yes		The Capital Programme and the OBC aligned LTFM show land purchases via the Trust's capital programme (ICOST TAB in LTFM). The Trust is not relying on land receipts for affordability of the scheme.
4.19 Where land sale proceeds are to be used, then the OBC sets out the valuation basis, timing for sale and a contingency for downward market movements, and approval from the NHS TDA may need to be sought (depending on the NHS Trust delegated limits).	N/A		The Trust is not relying on land receipts for affordability of the scheme.
4.20 Have financial contingencies for risk been made?	Yes		Contingencies exist in each year to cope with unforeseen events. See Appendix in Financial report to Finance and Investment Committee for areas of contingency (Encl 15).
4.21 A clear statement of capital and revenue affordability is included within the business case with any key assumptions highlighted.	Yes		See supporting narratives to Finance Committee (Encl 15).

5. Management Case

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
5.1 What are the delivery plans? Are there clear delivery dates and detailed milestones – a Management Control Plan (MCP) and detailed project plan should accompany the business case.			An IAAP has been completed A Project Execution Plan is presented at Appendix 12b. An updated project plan is available. Milestones have been identified. Gateway reviews have been planned as demonstrated by these documents.
5.2 Details of the project team, capacity requirements and skills are set out with their roles and responsibilities. This should include: a) a management structure indicating communication links and reporting responsibilities; b) the skills set of the team and any skills gaps are identified with plans on how they are to be filled, including any plans to use advisers; c) exactly what project resource is available, i.e. full/part-time staff and in what roles; d) what the project management budget is; e) does the proposal require programme or project management arrangements? Please outline the arrangements in place; f) confirmation of project methodology, e.g. PRINCE2 has been applied; g) role of advisers is set out, including the terms on which they have been appointed, confirmation of the breadth of their appointment, and arrangements to manage their fees; h) the extent of senior management and clinical time has been assessed and factored into			See Encl 40 and Appendix 12b. Advisor terms are available in the tender and contract documents. Management of advisors is outlined in Appendix 12b and a protocol is available separately. Senior management time and clinical time has been resourced see budget in Appendix 12b.

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
resource requirements; i) the resources to manage the bids to preferred bidder appointment are sufficient and clearly set out.			
5.3 The Senior Responsible Officer is identified and the reporting structure is set out, including the composition and terms of reference of the project board and its links to the NHS Trust Board.	Yes		See Encl 40 and Appendix 12b for project structure.
5.4 The case includes clear arrangements for Gateway Peer Reviews with dates where relevant.	Yes		A Project Execution Plan is presented at Appendix 12b. A project plan is appended to this document. An updated project plan is available. Milestones have been identified. Gateway reviews have been planned as demonstrated by these documents. See Encl 40.
5.5 For Gateway reviews that have been completed, it should be shown that their recommendations are being addressed. In particular, assurance should be given that all high priority recommendations are being acted on.	Yes		Gate 1 action plan and outcomes at Appendix 12a. Gate 2 action plan and outcomes at Encl 40
5.6 Is there a robust contract management plan? What is the resource for this?	No		However, the Trust has robust PFI contract management arrangements in place for the Birmingham Treatment Centre. This is managed by a professionally led Estates Team.
5.7 Is there a robust change management plan? What is the resource for this?	Yes		See Appendix 12b for the change management plan
5.8 Other workstream milestones and their interdependencies with the proposal are clearly set out and included within the MCP, e.g. workforce, equipment, managing the retained estate.	Yes		See section 9.7 for IM&T, section 10 for workforce and section 5.4.11 for the wider Right Care, Right Here Programme.
5.9 A Risk Register has been established with risk identified managed and allocated with provision for risk management. Are contingency plans set out?	Yes		See Appendices 12d and 8e. A current project risk register can be found at Encl 24.
5.10 Business case sets out at least top ten highest risk items for delivery of the preferred option and the plans to manage these.	Yes		See Encl 40

	NHS Trust Yes/No	DD&D Yes/No	Comments and further references in the business case
5.11 There is a benefits register and a benefits realisation (delivery) plan. The benefits realisation plan should reconcile with economic benefits identified and valued in the economic case.	Yes		See section 14.2 and 14b.
5.12 Plans are in place for post implementation monitoring, evaluation and where appropriate, participation in wider aggregate research (and resource is identified). What is the resource for this? Plans should be consistent with the benefits identified in the economic case and in line with overall objectives.	Yes		See section 14.
5.13 Where applicable external advice on design, build, health and safety, firecode, estate issues and information technology has been sought and evidenced in the business case.	Yes		Covered in Fire design principles AQ2 Section 6.2.4 Estates Annex, Functional Brief section 3.10 Fire Precautions, Schedule 8 part 3 Building Regulations and HTM / HBN Compliance section 2.2.1, Section 2.2.3 Building regulations, section 2.11.1 Fire Safety, Section 5.2.1.2 Fire Alarms, Section 5.2.20.1 Fire alarm systems, Section 6.6 Fire, Health & Safety