Sandwell and West Birmingham Hospitals NHS
NHS Trust

ESTATE MAJOR PROJECTS AUTHORITY COMMITEE MINUTES

Venue: Room 14, Education Centre, Sandwell General Hospital

Date: 8 February 2019, 14:00 – 15:00

Members Present:		**In Attendance**	
Mr R Samuda, Chairman	(RS)		
Mr H Kang, Non-Executive Director	(HK)	Mr K Reynolds, Head of Estates	(KR)
Mr T Lewis, Chief Executive	(TL)	Mr W Grigg, Project Manager	(WG)
Ms D McLannahan, Acting Director of Finance (via teleconference)	(DMc)	Mr D Hollywood, Advisor	(DH)
Mr A Kenny, Director of Estates and NHP	(AK)	Mrs J Dunn, Director of Commissioning/Midland Met Project Team	(JD)

Minutes	**Reference**
1. Introductions	**Verbal**
The Committee members introduced themselves for the purpose of the meeting recording.	
2. Welcome, apologies, declarations of interest	**Verbal**
No apologies were received.	
3. Minutes from the previous meetings: 7 December 2018	**EMPA (02/19) 001**
It was noted that the minutes had correctly reflected the risks, and the minutes of the meeting held on 7 December 2018 were accepted as an accurate record.	
4. Matters and actions arising (action log)	**EMPA (02/19) 002**
An update of matters and actions arising from the previous meeting were provided in the action log at the end of this document. In particular it was confirmed that all Red Rated Risks had now been funded or otherwise mitigated.	
5. Strategic Board Assurance Framework	**Verbal**
TL noted that the Board had agreed that the SBAF would go back to the full Board in March. They would update the relevant risks in advance of the Board meeting in March and then the EMPA Committee would take delegated authority from April to manage those risks. He anticipated that the 2019-20 SBAF would retain risks in relation to 'west Birmingham disruption' as a material threat to the business case integrity.	
6. Progress report on the procurement of contracted services associated with the Midland Met Hospital	**EMPA (02/19) 003**
Alan Kenny introduced Warren Grigg. He provided a verbal progress report on the procurement of contracted services associated with the Midland Met Hospital. He noted the summary of key dates and that he had	

included an RCC accelerated option column. It was now anticipated that we would be in a single bidder scenario. They had received two bids in the selection questionnaire process, with the second bid from a small EMP contractor who did not meet the qualification criteria and minimum turnover.

He noted that when they tested that market for the procurement program, they had feedback that due diligence would take 4-6 months, followed by a preferred bidder period. He confirmed that they used the four-month time period.

WG noted that the team had an initial meeting next week with the single bidder, Balfour Beatty. It was noted that the delivery entity would be provided by Balfour Kilpatrick, which was a sub-set of Balfour Beatty.

He confirmed that we would know the price, risk transfer and the program in early-May.

It was confirmed that within the ITP documents, that were released with the PQQ, there was a price not to be exceeded of £267m excluding VAT. £319.9m including VAT, was the maximum and there was visibility of that with the contractor. HK questioned if they could afford to do it at the quality that they expect of them and when that discussion with the contractor would commence. It was noted that the concern was that the any bid would include a series of caveats.

Kevin Reynolds noted that they had outlined some early contractor milestones. Within in a month they had to come back with any comment on the legal contract, scopes, risk transfer and their approach to their cost and program. TL noted that that information would be beneficially documented.

ACTION: Kevin Reynolds to document the contractor early milestones, such as, within in a month they had to come back with any comment on the legal contract, scopes, risk transfer and their approach to their cost and program.

TL noted that he had met with the National Steering Committee and appraised them of the single bidder scenario and that this was anticipated in the approved outline business case. It was noted that their concern was, not specific to Balfour, that they may not receive a bid in as much detail as they may have received in a multi-bidder scenario. They had made it very clear to Balfour that they would need to provide a detailed bid.

<u>Business case timetable</u>

TL sought confirmation that the business case timetable aligned to the procurement timetable. AK noted that they were expected to reintroduce business case writer, Simon Cook, into the team. Mr Cook had worked on the FBC for Midland Met and was familiar with the scheme. It was anticipated that he would return in March through to April, and would be FBC ready at the end of April. DM agreed that between now and the end of May that they could produce LTFM. That process would benefit from advice from Deloitte as before.

DM noted that the growth and inflation assumptions over a ten-year model would have a big impact on the financial picture. TL suggested that they use the same assumptions as the original business case and then build a single sensitivity variance to that.

AK then moved the discussion on to the NEC4 appointment he sought to make. There was a discussion about the advisor process, the main points were:

- It was provided by a professional long-established resource. The NEC contract required certain functions to be delivered
- Project manager managed the contract with a named individual who was an interface between the Trustee and the contractor (contract administration).
- The project manager, supervisor and cost advisor would commence once the contract with the contractor was signed. It was noted that it was desired for the project manager and supervisor to be in place by 25 February. It was noted that it was included in the £367m cost.
- TL thought that there would be a lot of work to do as they go through the approval process for the business case. He anticipated that every figure around the £320m for construction would be under scrutiny.

- HK queried the reimbursement for unsuccessful bid applications and it was confirmed that that was no longer applicable.
- RS noted that they were looking at quality and control of the build, but what happens at the intersection with the hard FM provider. He questioned what skills were needed. It was noted that they intended to have the FM provider contracted by October 2019, and the first part of their services would be to sit alongside the Trust and monitor and witness the construction works and they would have direct input in to the testing. RS queried if October was too late. T Lewis noted that they would wait and see how the hard FM procurement progressed to see whether there would be an opportunity to shorten that. He noted that he anticipated that they would end up with a narrower hard FM field by the spring.

  AK noted that there were two stages to the main contractor, the preferred bidder and the completion contract. He noted that it was important to obtain a bid deal in June and an exact date of when they sign the CBC contract.

It was questioned what the process would be if one of the hard FM providers was related to the successful contract bidder. TL reminded the committee that that:

  - They would need to all sign off on the financial viability test before the hard FM procurement. They required the support of the IPA in agreeing to those finance tests, if those financial tests applied to a large corporation, then there would be parent company guarantees.
  - If the prevailing bidder was part of a large construction company, they would need to ensure that the particulars for the FM supplier (that were monitoring the quality of the build) were significantly transparent or could be triangulated by an independent advisor. To avoid the risk or perception of risk of collusion, they would need to look at the arrangement that they had in place. R Samuda noted that this was where they had a constructor and a FM provider who might be in same financial entity.

<u>Hard FM Procurement</u>

There was a discussion around hard FM procurement which included the following:

- TL challenged point 3.7 in the paper MPA (02/19) 003, that stated *A ten (10) year Hard FM contract is currently proposed based on current market expectation.* TL stated that he would like the opportunity to test that outside of the room to ensure that it was the right approach. He noted that they should be offering potential variance, short or long, and interplay that with approval limits and a contract with extension periods, rather than a single contract with a long duration. HK queried what the normal duration was. WG noted that there were different norms, from a PFA context they were 25 or 30 years. He noted that the most common FM contracts could be procured through recognised frameworks such as, SBS, Crown Commercial and Procurement Partnership. The longest term was seven years. HK questioned the reasons as to why they choose ten years. It was confirmed that the decision was based on a life cycle element within the contract, and the longer the term, the more likely it was to deliver the life cycle over that time. TL noted that they would need to discuss an approach to life cycle prior to procurement, and that would drive commercial strategy for the hard FM. They would also need a conversation with NHSI about ways that people were approaching life cycle in a post PFI world.
- W Grigg noted point 3.5 in the paper MPA (02/19) 003, *An interface agreement will be developed such*

that it can be agreed between the Hard FM Contractor and RCC before either contract is executed. It was confirmed that their intention was to get that out with the ITPD documents.

- TL noted point 3.9 in the paper MPA (02/19) 003, *Staff who would potentially be impacted by TUPE would need to be engaged with during March 2019. Further work is being undertaken to inform discussions and decision making.*

  T Lewis noted that the Estate team had agreed outside the room that they would commence staff engagement about the TUPE process. The meetings were still being planned and the adverts would go out before the meetings. He noted that the staff had expected that they would go down that path, there would be the expectation that they would issue a procurement for hard FM that contained several lots. It would be a layered approach with one at a guaranteed held price, and the other lots at a guaranteed processed of price, up to and including the entire estate. He emphasised that the Board had agreed in December to Hard FM being placed in the market, but that this did not mean no in house bids would be considered.
- R Samuda questioned AK about section 5 in the paper MPA (02/19) 003. He queried if the interplay of Aecom being on the list for the SBS Framework, and Aecom as a key designer of our governs in the building, was that a risk. It was noted that Aecom continued to develop a detailed design associated with the MEP services that were in the building and risks associated with that. The other services that Aecom were offering were going back to the cost advisor, project manager and supervisor.

7. Progress report re Early Works Contract	**EMPA (02/19) 004**

David Hollywood noted that a number of packages had been instructed or commenced since his last update. The exception was one agreement due to timing on site or where it suited them to wait for air con surveys to flow through. A good example was the MEP as Balfour reported back that the install was found in good condition, and they recommended minor works and preservation of the existing MEP. He stated that he would like Balfour to return to review it again and agree that they would not incur any additional cost to replace the asset.

DH noted that further to their monthly update meeting with Balfour, that all warranties had been formalised, signed and executed. The aggregate coverage from the warranties was 96 or 97%. The remaining 3% was workmanship on the concrete frame. The provider of the concrete frame provided a separate warranty for the frame and had quoted a seven-figure amount on the virtue on maintaining enhanced insurance over 12 years. DH noted that he did not recommend to accept that warranty for a low risk item. TL noted that that was risk that they were willing to accept. DH confirmed that their structural engineer had inspected the frame and it was in good order.

<u>Progress on site</u>

DH noted that they were viewing drone footage of the site and provided a summary of the progress highlights, which included:

- All 'raking' trusses were installed to the Winter Garden southern elevation.
- The vast majority of steel work was in place and good progress was being made on the ETFE roof.
- All concrete ramps were cast and the contractor had left the site.
- Hot Melt roofing ongoing to Level 2 and were ahead of schedule despite poor weather.
- Temporary heating fully installed.

<u>Programme</u>

DH noted that at his last update they were working to the programme, in the interim there had been a three week delay due to a problem with the Winter Garden steel work, mainly due to some holding down bolts being installed in the incorrect location.

He noted the attached updated programme, and stated that it highlighted potential for future delay in balustrade installation, but that was not a critical issue. The only programme issue was if the balustrade continued at the resource level that they currently had, that they would fall short. It was confirmed that there were no safety issues arising from this short fall.

It was questioned if Balfour had any safety incidences on site. DH confirmed that there was one reported incident where a carpenter caught his finger on a circular bench saw and required hospital attendance.

8. Reconfiguration: Acute Care Sustainability 2019 & service transfers on the retained estate to post Midland Met locations	**EMPA (02/19) 005**

J Dunn provided the Committee with an update with the following key points:

- The neonatal proposed design was being reviewed by clinical leads, infection control and fire. The next steps were to get costs confirmed, confirm clearance of the modular extension, get their design team onsite and progress with program planning. They had commenced work with the neonatal team on their decant plans and how they would work. The time scales would firm up once costs were confirmed.
- Colocation of PAU and Children's ED at City, they believed that they have an option that would work. It was noted that they had an initial high costing level, and it was now at a level that was reasonable to meet with the clinical leads next week. A key next stage would be to consider undertaking the DCAMP plan. The option that they had was to use the current children's ED, the adjacent urgent care area and imaging waiting area to form an integrated children's ED and PAU. It was noted that it would have slightly less capacity for the PAU element than what they currently had. They would need to displace the elective overnight children's work for ENT and BMEC, and would need another solution for that. She noted that they would need to relocate the GP and urgent care flow. It was noted that the benefit of that was that it improved their ability to provide 24-hour paediatric care. The separation of GP minors and GP area for A&E, created a slightly more telegraphed solution for patients. It was noted that it would go where the old fracture clinic was, and that was in a more discrete place. J Dunn noted that they would need to consider works to the pathway from A&E's door.
- Sandwell OPD2, which was the clinical research facility, was now open and operational.
- Sandwell Outpatient 6 on the first floor – the physio and dental services were operational in there and Alpha Suite was moving in next week. TL noted that they could then move the governance facility. J Dunn noted that could happen as soon as they moved the social work liaison team, which was on track.
- RS queried how concerned he should be about the statement in the report section of the paper MPA (02/19) 005, Women & Children's Acute Care Sustainability (City site), *It has not been possible to achieve HBN recommended sizes*. J Dunn noted that the cot spaces for intensive care and NNU would be double the current size, however would still be short of HBN. The users and infection control had stated that that was reasonable and would do a risk assessment up until the period they move into Midland Met. It was noted that most hospitals in England delegate HBNs and that they were entitled to delegate. They were satisfied that they had done the due process to reduce the risk.
- R Samuda questioned how it was funded. T Lewis noted the following funding methods:
    - Retained estate configuration items at the end of the paper, were funded by capital growth.
    - The items prior were funded by reconfiguration STP capital of £15.4m allocated by the STP for which they had to submit the final business case. The funding of the capital was part of the PDC, which was the one red line in their OBC for Midland Met that was not approved by Treasury. This was where they paid money on the asset value of what they held, even though in three years' time when Midland met opened, they expected 90% write-down. He noted that

they had proposed a PDC holiday and several options to solve it. D McLannahan noted that she would look at the assumptions around what the costs and the PDC were in respect of their STP capital and look at the funding. TL noted to agree that the PDC handling of the STP capital was entirely at DM's discretion.

RS asked for a translation of the S*trengthening a joint frailty specialist and acute medicine model for our AMUs, particularly at Sandwell where the majority of frailty related emergency admissions occur.* It was noted that that was how medical specialities support AMU. They were looking at respiratory medicine consolidating on site at City. The frailty model at Sandwell showed that they had a higher number of elderly patients admitted, and how that draws into the AMU model. TL noted that when they started the journey, they unwittingly created the impression that they were going to move respiratory medicine to City and elderly care to Sandwell, which was never the intention. Elderly care medicine would need to be supported by both in different ways. It was noted that when they move into Midland Met, elderly care medicine, specifically frailty, would be in the AMU, a nearly 100-bed facility, therefore they would need to use the intervening 30 months to work out how to do that.

OTHER ITEMS	
9. Committee Effectiveness	**Verbal**
The committee agreed that the meeting was effective despite technology issues.	
10. Other business	**Verbal**

T Lewis noted to raise the following with the Board:

- the conclusion of the NEC-4 procurement.
- the arrangements of the initiation of the FM procurement.
- revised accelerated planning programme for the procurement of the final contract.

Signed ……..

Print ……..

Date ……..