

Report Title	Midland Met completion: Full Business Case update		
Sponsoring Executive	Toby Lewis, Chief Executive		
Report Author	Toby Lewis, Chief Executive, Alan Kenny, Director of Estates and NH		
Meeting	Trust Board	Date	2 nd May 2019

1. Suggested discussion points *[two or three issues you consider the Trust Board should focus on]*

The Board is aware that during May we are finalising the FBC to permit appointment of our Preferred Bidder to complete Midland Met. The Outline Business Case was approved in November 2018. A confirmatory business case may then be required at contract close.

The attached documents update the Board in advance of a briefing meeting in mid-May. The expectation is that that meeting will confirm that the material is suitable for formal external release, with final approval given at our June meeting.

The FBC alters our long term financial modelling to take due account of a PDC not PFI financing model. It moderately alters the bed configuration and significantly updates our workforce modelling. The income and activity plans are shaped as in the 15-16 FBC to reflect an intention to both localise care into this place, and deliver more care closer to home. A specific revenue line for the 'Midland Met dividend' is now assumed in the base case. Work continues on the technical accounting treatment of various aspects of the case, with best practice advice from Deloitte, and strong regulatory involvement.

At the time of writing we do not have a compliant bid from Balfour but good dialogue continues to meet our longstanding needs. The team are also finalising the sensitivity to activity changes that has been requested in respect of west Birmingham.

2. Alignment to 2020 Vision *[indicate with an 'X' which Plan this paper supports]*

Safety Plan		Public Health Plan		People Plan & Education Plan	
Quality Plan	X	Research and Development		Estates Plan	X
Financial Plan	X	Digital Plan		Other <i>[specify in the paper]</i>	

3. Previous consideration *[where has this paper been previously discussed?]*

n/a

4. Recommendation(s)

The Trust Board is asked to:

- a. **NOTE** the planned process of evaluation for May
- b. **IDENTIFY** any residual concerns that need to be addressed in future presentation
- c. **RECOGNISE** the ongoing commercial dialogue that the Trust is engaged in

5. Impact *[indicate with an 'X' which governance initiatives this matter relates to and where shown elaborate]*

Trust Risk Register	x	3020 and 3021				
Board Assurance Framework	x	BAF 5 and 10				
Equality Impact Assessment	Is this required?	Y		N	X	If 'Y' date completed
Quality Impact Assessment	Is this required?	Y		N	X	If 'Y' date completed

SANDWELL AND WEST BIRMINGHAM NHS TRUST

Report to the Trust Board: 2nd May 2019

Midland Met Full Business Case

1. Introduction

- 1.1 The purpose of this paper is to update the Trust Board on the process for the FBC production and approval. The Trust Board will also be asked today to approve the key financial assumptions and approach to modeling. These will become integral to the FBC.

2. Background

- 2.1 The Outline Business Case (OBC) for the completion of Midland Met was approved by NHSI / DHSC / HMT in January 2019, subject to the conditions at **Annex A**.
- 2.2 FBC approval by HMT, DHSC and NHSI is required before the Replacement Construction Contractor (RCC) can be appointed as Preferred Bidder, which is currently programmed for 21 June 2019.
- 2.3 The FBC is being revised from the previous Midland Met FBC (January 2016) with the following key changes:
- A revised strategic and national policy context e.g. the Long Term Plan;
 - PF2 procurement superseded with public funded procurement;
 - Hard FM being procured separately and in parallel with the RCC procurement for the whole Trust;
 - The LTFM is being refreshed to reflect, inter alia, a revised starting point, projections and the specific parameters of the RCC procurement;
 - The workforce model is being refreshed to reflect changes in national funding and the Trust's workforce strategy.
- 2.4 The FBC is being drafted in anticipation of a successful competitive dialogue stage for the RCC, resulting in a compliant tender from the bidder. It therefore assumes that the RCC will deliver: the required scope; by December 2021; within the overall cost of £267m; and accepting the design and construction risk as per the OBC.

3. Current status of FBC

- 3.1 The FBC has been largely updated, with the following key sections yet to be completed:
- Economic Case, Affordability and Workforce chapters, pending Trust Board approval of key financials today;
 - Procurement strategy, pending outcome of competitive dialogue.

3.2 A draft Executive Summary of the FBC is at **Annex B** for information.

4. Process following May Trust Board

4.1 It is proposed that in the week commencing 13 May, the CEO reviews the FBC, including financials and narrative, and authorises its release to approval bodies. An update regarding progress in discharging the approval conditions will also be released. This will enable approvers to commence their assurance process given that approval is required by 21 June.

4.2 Subject to the competitive dialogue stage being successfully completed, the FBC will be revised by 30 May to reflect the outcome of the competitive dialogue bid and any implications on the financial component in particular. It will be issued to the Trust Board, together with a report and recommendations regarding the bid.

4.3 The FBC will also be issued to approvers on 30 May with changes from the previous version highlighted clearly. This will enable assurance to be undertaken in parallel with the Trust Board reviewing and approving the FBC.

4.4 The June Trust Board will be requested to:

- approve the FBC;
- approve the recommendation to appoint Preferred Bidder, subject to subsequent external approval bodies' agreement.

4.5 Approval will be sought from approval bodies by 21 June in order to meet the current programme.

5. Recommendations

5.1 The Trust Board is asked to:

- **NOTE** the planned process of evaluation for May
- **IDENTIFY** any residual concerns that need to be addressed in future presentation
- **RECOGNISE** the ongoing commercial dialogue that the Trust is engaged in

Simon Cook
FBC project manager

26th April 2019

Annex A: Summary slide of key financials (WIP)

Annex B: Draft FBC Executive summary text