

**Annex B to  
Final Business Case (FBC)  
update – Midland Met  
2 May 2019**

**Sandwell and West Birmingham Hospitals NHS Trust**

**Midland Metropolitan Hospital Project**

**Final Business Case – Executive Summary**

**May 2019**



## **1 Executive Summary**

### **1.1 Key points**

- This Final Business Case (FBC) seeks approval for the Trust to appoint a Preferred Bidder as the next stage of the procurement for a Replacement Construction Contractor (RCC) for the Midland Metropolitan Hospital (Midland Met).
- The procurement is to complete the construction of the Midland Met by December 2021, enabling it to become operational by May 2022.
- The Midland Met was originally procured under a PF2 contract with Carillion in December 2015. Carillion collapsed in January 2018 causing construction to cease.
- The Trust submitted an Outline Business Case in October 2018 requesting £358m of public capital for a publically funded procurement. The OBC proposed that Hard FM be procured in parallel with the RCC.
- Since the OBC approval, the Trust has commenced both the RCC and Hard FM procurements. The 'dialogue' stage has been completed and the Trust has received a compliant bid.
- Therefore, the Trust is now ready to appoint the Preferred Bidder with the intention of signing contracts in August 2019.
- This FBC demonstrates that the scheme remains within the approval parameters set at the OBC. As per the OBC, the RCC and Hard FM procurements remain necessary, affordable and deliverable.
- Once approved by the Trust Board, NHSI, DHSC and HMT, the Trust will appoint a Preferred Bidder for the RCC procurement. This appointment will need to be made in June 2019 in order to achieve the programme for completion.

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**1.2 Introduction**

1.2.1 This Final Business Case (FBC) seeks approval for the Trust to appoint a Preferred Bidder as part of the procurement for a Replacement Construction Contractor (RCC) for the Midland Metropolitan Hospital (Midland Met).

1.2.2 The RCC procurement is to complete the construction of the Midland Met by December 2021, enabling it to become operational by May 2022.

**1.3 Background**

1.3.1 The Midland Met was originally procured under a PF2 contract with Carillion in December 2015. Carillion collapsed in January 2018 causing construction to cease.

1.3.2 The Trust entered into discussions with HMT / DHSC / NHSI in 2018 and agreed that a publically funded procurement was the only viable option. Consequently, the Trust submitted an Outline Business Case (OBC) in respect of the RCC procurement in October 2018. This was approved by HMT / DHSC / NHSI in January 2019, allowing the Trust to commence procurement and issue an OJEU notice in January 2019.

1.3.3 A summary of the business case approvals to date is shown below:

**Table 1: Midland Met Business Cases**

<b>Business Case</b>	<b>Purpose</b>	<b>Approval Date</b>
<b>Strategic Outline Case (SOC)</b>	To secure agreement to the Right Care Right Here (previously known as 'Towards 2010') strategic system wide proposals which included a single acute hospital.	April 2004
<b>Land Business Case</b>	To secure approval to commence compulsory purchase of the land at Grove Lane. A version of the Outline Business Case was produced to support the Land Business Case to ensure that Grove Lane was the preferred option.	August 2009
<b>Outline Business Case (PF2)</b>	To secure approval to commence the procurement.	July 2014
<b>Appointment Business Case (PF2)</b>	To secure approval to 'close dialogue'. Based upon a Final Bid.	August 2015
<b>Confirmatory Business Case (PF2)</b>	To secure approval to appoint 'Preferred Bidder' and proceed to Financial Close, highlighting any changes in the case since the Appointment Business Case. Followed the completion of funding competitions and the granting of planning permission.	December 2015
<b>Full Business Case (PF2)</b>	To combine the Appointment and Confirmatory	January 2016

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	Business Cases into a single document.	
<b>Outline Business Case (RCC)</b>	To commence a procurement for RCC	October 2018
<b>Full Business Case (RCC)</b>	To appoint Preferred Bidder for RCC	June 2019

1.3.4 In summary, the OBC (RCC) secured approval on the basis that:

- £358m of Public Dividend Capital will be committed to complete the construction of the Midland Met;
- The RCC will accept the risk for the part of the design and build to date of the Midland Met in accordance with an agreed schedule, and the risk for all remaining design and build;
- Hard FM will be procured separately, given that the scheme is no longer a PF2;
- A set of approval conditions are met.

1.3.5 Since the OBC approval, the Trust has commenced both the RCC and Hard FM procurements and is now in a position to appoint a Preferred RCC Bidder. This FBC demonstrates that the scheme remains within the approval parameters set at the OBC.

1.3.6 The case presented by the FBC remains robust with increasing drivers to make the changes proposed by the Right Care, Right Here (RCRH) Programme and complete the Midland Met without delay. The proposals align with the direction set in NHS Long Term Plan (January 2019) and local support for the project continues to be substantial.

1.3.7 Much of this FBC restates, where appropriate, the case made in the FBC (PF2) and the OBC (RCC) and demonstrates that the key drivers for the project, its scope, deliverability and affordability remain unaltered and in some instances are strengthened.

## 1.4 Project Objectives

1.4.1 The project objectives, summarised below, continue to be:

- To move to a single acute hospital site;
- To develop a new high quality hospital building;
- To implement a new model of care;
- To deliver the best possible quality of care; and
- To develop staff and provide an optimal working environment.

## **1.5 The Strategic Context**

- 1.5.1 The NHS Long Term Plan reaffirms the case for the Midland Met. The scheme is supported locally by the Black Country and West Birmingham STP as per the most recent published plan 2016, recognising that existing acute services are not sustainable in their current form. The business case continues to be underpinned by the local 'Right Care Right Here' assumptions, which were formally provided in 2015 for the FBC.
- 1.5.2 The Trust's vision remains to become renowned as the best integrated care organisation in the NHS. Completion of the Midland Met is essential to realising this vision and providing high quality sustainable care to the local population.

### **The Long Term Plan**

- 1.5.3 The NHS Long Term Plan seeks to implement a service model that aligns with the trust's future service model. As will be described in detail later in this FBC, the trust's clinical model is to split emergency and elective care across a single 'hot' site and two 'cold' sites. The hot site will include a Hyper Acute Stroke Unit, in line with the recognised national model. The trust's clinical service model includes two Urgent Treatment Centres, one of which will be co-located with A&E.
- 1.5.4 The trust's financial and activity planning has taken into account the national financial strategy and assumptions regarding changes in activity, including outpatients and emergency admissions. New outpatient appointments in the Trust's acute sites are due to reduce by a quarter over the next three years, aligning to the national direction of reducing outpatient appointments by up to a third over a five year period.
- 1.5.5 The Trust is planning a breakeven after 2020/21 with no further reliance on financial support such as the Financial Recovery Fund. Cost improvements of over 2% on average are assumed in the Trust's long term financial plan compared to the 1.1% minimum set out in the NHS Long Term Plan.

### **Keogh Report**

- 1.5.6 The Keogh Report: 'Transforming Urgent and Emergency Care Services in England, End of Phase One Report' (November 2013), was commissioned in response to concern that A&E Departments, associated acute hospital services and ambulance services are under intense, growing and unsustainable pressure.
- 1.5.7 The Keogh report underlined the need for the Trust to concentrate its emergency provision on a single site in order to ensure that the right expertise and facilities are available 24/7. The Trust's clinical model with a single Emergency Department at Midland Met and two urgent care centres for less serious conditions is aligned to the Keogh model.

### **Better Care Fund**

- 1.5.8 The Better Care Fund (BCF) provides an opportunity to transform local services so that people are provided with better integrated care supported by funding to help local areas manage pressures and improve long term sustainability. The Trust is represented on the Sandwell Integration Board and contributes to the West Birmingham sub-committee of the Birmingham BCF. Over the period to 2030 the Trust will play a key role in avoiding admissions; the business case for a new hospital is not predicated on net growth in admitted care.

#### **Integrated Care Systems**

- 1.5.9 Integrated Care Systems (ICSs) are central to the delivery of the Long Term Plan. An ICS brings together local organisations to redesign care and improve population health, creating shared leadership and action. They are a pragmatic and practical way of delivering the ‘triple integration’ of: primary and specialist care; physical and mental health services; and health with social care.
- 1.5.10 The Trust’s strategy of providing high quality integrated care will be vital to the success of the local ICS.

#### **The Population Served by the Trust**

- 1.5.11 The total population served by Sandwell and West Birmingham Clinical Commissioning Group (CCG) is expected to increase by 6% over the next 20 years. A 16% increase in the number of children and young people in Birmingham is forecast over the same period. The increase in people over 65 years of age will be markedly lower than England overall but the increase in local residents over 85 will be significant.

#### **Diversity**

- 1.5.12 The Trust delivers services to a population with a significantly higher proportion of black and minority ethnic and other minority ethnic groups than England as a whole. The Heart of Birmingham area has the largest (68%) black and minority ethnic population in England, with the largest group being of Pakistani origin.
- 1.5.13 The implications for the Trust are that services need to be culturally sensitive, accessible to all, tailored to specific needs, appropriate for different religious beliefs and supported by interpreting services where necessary. The Trust will deliver services to people with increased levels of prevalence for certain conditions such as diabetes, eye disease and cardiovascular disease.

#### **Deprivation and Poor Health**

- 1.5.14 According to the Department for Communities and Local Government, the population served by the Trust is dominated by high levels of deprivation. Birmingham and Sandwell were ranked as the 6<sup>th</sup> and 28<sup>th</sup> most deprived local authority districts in England in 2015.

- 1.5.15 As expected for a population with high levels of deprivation, life expectancy for both men and women is significantly lower than the England average. In the period 2017-19, men had a life expectancy of 77.6 years for Birmingham as a whole and 77.1 years for men in Sandwell, in comparison to an England average of 79.6 years. During the same period, female life expectancy in Birmingham was 82.0 years, compared to 81.3 in Sandwell, and 83.1 years for the England average.
- 1.5.16 According to Public Health England, a range of key health and lifestyle indicators in Sandwell and Birmingham are worse than the England average, with the exception of the numbers of adults who smoke in Birmingham. Birmingham and Sandwell have the worst deprivation scores in the region.

#### **Black Country and West Birmingham STP**

- 1.5.17 The Black Country and West Birmingham STP comprises 18 partner health and social care organisations covering a population of 1.4m, 46% of which lives in the most deprived areas of England. In 2016, set out a strategy to deliver health improvements.
- 1.5.18 The STP recognised that existing acute services at the trust are not sustainable and noted that, in 2016, 60% of ED consultant roles remained vacant and that two-site services were not able to meet Keogh standards relating to emergency care. It therefore included the development of the new Midland Metropolitan Hospital as part of the STP, bringing together acute services from Sandwell and City hospitals.

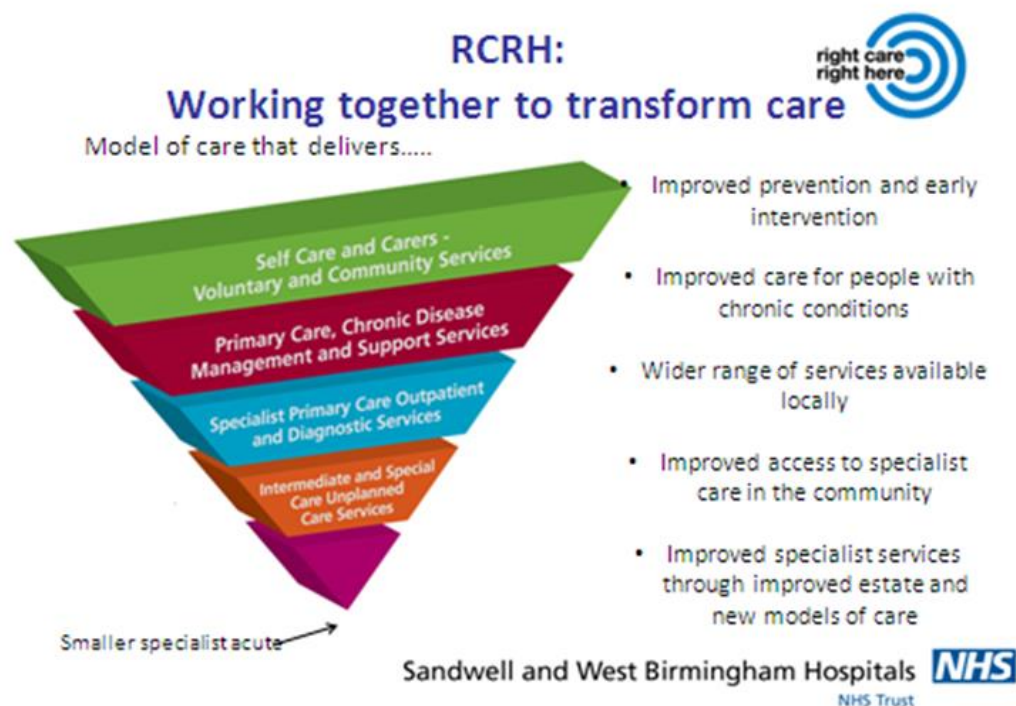
#### **The Right Care Right Here Programme**

- 1.5.19 The Trust is a founding member of the Right Care Right Here (RCRH) Programme, a partnership comprising: Sandwell and West Birmingham CCG; Birmingham City and Sandwell Metropolitan Borough Councils; and local NHS providers.
- 1.5.20 The programme continues to align with national policy with objectives to:
- Redesign services to meet the needs of the local populations;
  - Ensure that people have the opportunity to benefit from healthier lifestyles;
  - Expand services in community settings, bringing appropriate elements of care closer to home and integrating provision such that patients experience seamless care pathways;
  - Develop new highly specialised acute hospital services to be provided in the Midland Met;
  - Procure, build and commission the Midland Met on a brownfield site in Smethwick; and
  - Maximise opportunities for regeneration in the local area.



1.5.21 The figure below presents an overview of the RCRH model of care showing the important role the new hospital will have in the overall model of care.

Figure 1: Right Care, Right Here Model of Care



### The Trust

1.5.22 Sandwell and West Birmingham Hospitals NHS Trust (the Trust) is an integrated care organisation. The Trust is dedicated to improving the lives of local people, to maintaining an outstanding reputation for teaching and education and to embedding innovation and research. The table below summarises the key facts about the Trust.

Table 2: Key Facts about the Trust

Population served	570,000
Annual turnover	[£499m for 2018/19 as at 16 April 2019]
Number of sites	Two acute sites and three main community locations
Current CQC Rating	Requires improvement
Current NHSI Financial Risk Rating	Level 3 (overall rating at month 11, 2018/19)

1.5.23 The Trust provides acute and specialist services from City Hospital in Birmingham and Sandwell General Hospital in West Bromwich. Emergency care, including A&E

services is provided at both sites. In addition, the Trust provides comprehensive community services to over 300,000 people in the Sandwell area from more than 150 locations.

1.5.24 The Trust’s 2020 Vision is that “We will become renowned as the best integrated care organisation in the NHS by 2020”.

1.5.25 The Trust’s strategic objectives, which align closely with national policy and the RCRH vision, are presented in the table below.

**Table 3: The Trust’s Strategic Objectives**

<b>Strategic Objective</b>	<b>Description</b>
Safe, high quality care	We will provide the highest quality clinical care. We will achieve the goals of safety, clinical effectiveness and patient experience set out in our quality strategy.
Accessible and responsive care	We will provide services that are quick and convenient to use and responsive to individual needs. They will be accessible to all ages and demographics. Patients will be fully involved in their design.
Care closer to home	Working in partnership with primary and social care we will deliver an increasing range of seamless and integrated services across hospital and community settings.
Good use of resources	We will make good use of public money. On a set of key measures we will be among the most efficient trusts of our size and type.
21st Century Infrastructure	We will ensure our services are provided from buildings fit for 21st century healthcare. We will make the most effective use of technology to drive improvements in quality and efficiency.
An engaged, effective organisation	An engaged and effective NHS organisation will underpin all we do. We will become an NHS foundation trust at the earliest opportunity. We will develop our workforce, promote education, training and research, and make the most effective use of technology to drive improvements in quality and efficiency.

## **1.6 The Case for Change**

1.6.1 The overall case for change draws on the need to respond to changing local health needs with modernised services as described by the RCRH Programme.

1.6.2 The poor health of the residents in the Trust’s catchment area makes the case for change in the model of care to focus on prevention. The RCRH Programme has developed plans to deliver these changes. A new single site acute hospital is central to successful delivery of these plans.

1.6.3 Major changes in Primary and Community Care make the case for development of a new acute hospital with capacity aligned to the activity model agreed by the RCRH Programme.

1.6.4 The move to a single site acute hospital is necessary to sustain top quality acute services.

1.6.5 Due to the condition of the current estate the provision of a suitable environment for patients and staff will require investment in new hospital facilities.

1.6.6 The preference for care closer to home and expansion of patient choice makes the case for delivering new services closer to home, building state-of-the-art hospital facilities; and developing a high quality workforce.

## **1.7 The Future Service Requirement**

1.7.1 The RCRH vision for the future and the strong case for change have informed the development of a new model of care for the future underpinned by an activity and capacity model agreed by partners across the local health and social care economy.

1.7.2 The implications of the RCRH vision for the Trust continue to be that:

- The majority of outpatient attendances and planned diagnostics will be provided outside the acute hospital in community locations. The existing two hospital sites will become community locations.
- A greater proportion of inpatient length of stay will be provided in the Trust's intermediate care beds. In the last twelve months the Trust has successfully won two tenders to deliver intermediate care services and operates the information hub through which all beds in Sandwell operate.
- There will be a significant reduction in average length of stay because the Trust is able to deliver consultant based inpatient medicine.
- There will be a modest catchment loss for emergency inpatient activity related to the change in location of the acute hospital. The Trust's partnership with The Dudley Group of Hospitals FT and Walsall Healthcare NHS Trust (the Black Country Alliance) will ensure that this transition is managed collaboratively and to time.
- There will be increased community-based urgent care and out-of-hours services to provide alternatives to attending the Emergency Department. The Trust will provide a major Urgent Care Centre (UCC) (already built) on the Sandwell Hospital site.
- The Trust will also provide an UCC with the Midland Met co-located to the Emergency Department.
- There will be increased day surgery rates with the majority of adult day surgery being provided in dedicated day surgery units in the Birmingham Treatment Centre (BTC), Sandwell Treatment Centre (STC) and Birmingham and Midland Eye Centre (BMEC).
- Better physical environments will be required for service users and staff which will encourage more rapid recovery and provide greater privacy and dignity.

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- In partnership with our host CCG the service development plan includes repatriation of activity from other neighbouring Trusts where clinically appropriate to provide a more local service for patients.
- The development of a new single site acute hospital is required allowing consolidation of acute emergency and inpatient services. This includes co-locating paediatric, neonatal, maternity and gynaecology services.

1.7.3 The greater proportion of patients attending for acute care will therefore be acutely unwell, have complex conditions or require the most specialist assessment and treatment. Development of a new acute hospital to meet these needs by bringing specialist staff together on one site is therefore an essential part of the model of care.

1.7.4 The RCRH activity and capacity model has formed the basis for identifying the clinical facilities required within the new hospital.

1.7.5 The following summarises the key components required for the Midland Metropolitan hospital:

**Table 4: Key components required for Midland Met**

<b>675 Beds</b>	<b>Generic Wards</b>	<b>13 Operating Theatres</b>	<b>Bespoke outpatient clinics</b>
Including:  30 bed Critical Care Unit (Level 2 & 3) 117 space Adult Acute Assessment Unit 36 Neonatal Cots 56 bed Children's Unit	Generic Wards of 32 beds each, including:  14 Coronary Care Beds 16 distributed higher dependency monitored beds (Level 1)	2 Trauma Theatres 2 Emergency Theatres (including laparoscopic equipment) 2 Maternity Theatres in Delivery Suite 7 Elective Theatres	Children Urodynamics Antenatal Services

## 1.8 Economic Case

1.8.1 A strategic options appraisal was conducted for the original strategic outline case and refreshed for the original Outline Business Case for Midland Met (July 2014) to establish the preferred option. 4 options were assessed at this stage: a do minimum; a new build at City site; a new build at SGH site; or new build at Grove Lane site. The new build at Grove Lane ('Midland Met') was identified as the preferred option.

1.8.2 The strategic options appraisal has been revisited in this FBC to assess the most economically advantageous option for the trust going forward given that Midland Met is already partially constructed. The original options of new builds at City site or SGH site have not been brought forward for this options appraisal given that they were dismissed at the SOC and it is still expected that the build time would be longer than for Midland Met and the Trust would be unable to realise efficiencies.

- 1.8.3 Two strategic options have therefore been compared: 1) completing the Midland Met on Grove Lane; or 2) demolishing the Midland Met, disposing of the site and conducting the minimum of works necessary on City and SGH. The comparison used the same methodology as the SOC stage, with assumptions revised to reflect subsequent changes.
- 1.8.4 On a purely quantitative economic assessment, the Midland Met option is favourable. When taking into account the qualitative assessment as well, Midland Met is clearly the preferred option. A sensitivity analysis has been conducted to test the effect of changes in operating costs, construction costs and the phasing of retained estate works. This has re-affirmed that completing Midland Met is the preferred option.

## **1.9 Project Scope**

- 1.9.1 The overall scope of the Midland Met itself remains unchanged since the FBC 2016, with the exception of level 9 where a full fit out is now in scope, rather than merely services provided to the space.
- 1.9.2 The scope of the new contract will be limited to completing the construction which commenced under the PF2 contract and which is now continuing under the Early Works Contract.
- 1.9.3 Given that the PF2 contract has now been terminated, the Hard FM will no longer form part of the Midland Met procurement but will be procured separately, in parallel. The Hard FM Procurement will relate to Midland Met and all of the Trust's retained estate.
- 1.9.4 The planning application for the Midland Met was determined at a Full Planning Committee at SMBC on 23 September 2015. Planning Conditions have been discharged as far as possible given the stage of building completion. The 14 outstanding Planning Conditions will be the responsibility of the Replacement Completion Contractor.

## **1.10 The Procurement Route**

- 1.10.1 Following the collapse of Carillion in January 2018 options were explored for appointing a Replacement Construction Contractor (RCC) to complete the Midland Met. Continuing PF2 using the original Project Agreement was not supported due to Government policy reasons. Furthermore, market testing established that there was no viable interest to complete the works via a PFI agreement. Therefore, given that there were no other viable options, it was agreed with the DHSC in August 2018 that the works would be completed via a publicly funded procurement.
- 1.10.2 A New Engineering Contract 4 (NEC4) Form of Contract is the preferred route to enable collaboration and fair dealing. A Design and Build Contract will be used by the Trust for part of the completion such as fit out, external works and mechanical, electrical and plumbing. Other elements will be 'Construct only' where is

commercially advantageous for the Trust to retain the design risk rather than pass it to the contractor.

## **1.11 Procurement Strategy**

- 1.11.1 The Procurement Strategy has been developed with advice from the Trust’s legal and commercial advisors to ensure probity and to enable a mutually beneficial and successful outcome for the Trust and the successful bidder.
- 1.11.2 The OBC was approved in January 2019 enabling the Trust to issue an OJEU in the same month.
- 1.11.3 One bidder provided a compliant Pre Qualification Questionnaire and was ‘Invited to Participate in Dialogue’. It was anticipated that there may only be a single bidder and so measures had already been agreed to ensure that value for money is secured for the Trust.
- 1.11.4 Dialogue has now concluded and a compliant bid has been received from the bidder. The bidder’s target price is within the £267m (excluding VAT) capital envelope approved in the Outline Business Case (RCC). The bidder will be paid for the costs of the works completed, not the target price. If the bidder delivers the contract for less than the target price, the difference will be shared with the trust as a ‘gain share’ to incentivise the bidder to deliver best value. The bidder will pay any construction costs that exceed the target price.
- 1.11.5 The Trust and the bidder have agreed which risks remain, together with a gain-share approach to incentivise their cost effective mitigation. A contingency of £38m will be held by the Trust to address: any unforeseen events which are deemed to be out of the scope of the contract; and known risks which are the Trust’s responsibility.
- 1.11.6 The Trust is now ready to appoint the Preferred Bidder.

## **1.12 The Midland Met Solution**

- 1.12.1 The design solution to complete the Midland Met is as per the original design agreed with the Trust in 2015, with some minor improvements to the clinical design that have been made during the design development under the PF2 contract.
- 1.12.2 The solution presents an exciting landmark building that responds to the Design Vision and Functional Brief. Clinical staff have been involved in every stage of the design process to ensure that the Midland Met will deliver the model of care with flexibility for future use.
- 1.12.3 The construction timescales have been minimised by letting an Early Works Contract and ensuring that there is no break in the construction work between the EWC and the RCC contract.

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- 1.12.4 This solution will deliver the full range of benefits anticipated for the project and represents a bright future for acute healthcare in Sandwell and west Birmingham.
- 1.12.5 Since Financial Close in December 2015 the Mechanical, Electrical and Plumbing has been integrated into the building design, overcoming some technical issues. This delayed the construction programme but, once appointed, the Replacement Construction Contractor will have a developed design solution, thus reducing the risk of further delay.

**Figure 2: Midland Met within a Landscaped Setting**



**1.13 Affordability**

- 1.13.1 As per the Outline Business Case (RCC), the Trust is able to afford the implications of £358m of public capital being invested in the completion of the Midland Met.
- 1.13.2 The LTFM demonstrates that the Trust will achieve breakeven for its control total throughout the 10 year horizon and the Trust will not be reliant on non-PDC Financial Recovery Fund support beyond 2020/21.
- 1.13.3 There is no detrimental impact to the Trust's Financial Risk Rating of 3, as per the 2019/20 plan, throughout the 10 year period.
- 1.13.4 The efficiencies enabled by this investment mean that the Trust's clinical operating costs are no higher than they would have been without the Midland Met.
- 1.13.5 The 2019/20 activity and financial plan has been contractually agreed by commissioners and is used as the base year for the LTFM. Activity projections are

consistent with RCRH strategies and show a similar trend to those in the Midland Met FBC 2015.

- 1.13.6 National growth assumptions have been modelled per the Long Term Plan. This supports the Trust's financial position as per the national strategy and a Midland Met recurrent 'dividend' of £9m for investment in community and primary care has been modelled from 2022/23.
- 1.13.7 Steady state Hard FM costs are modelled at £8.9m. This 'high' benchmark compares with an expected 'medium' benchmark of £8.3m being achieved in procurement, providing headroom.
- 1.13.8 Cash levels are impacted during the construction period of Midland Met however once operational the Trust will re-build its cash levels to around £50m.
- 1.13.9 Affordability is dependent on ongoing 'taper relief support' and additional Financial Recovery Fund support to mitigate the I&E and cash implications of PDC until the Midland Met is impaired in 2022/23.
- 1.13.10 The Trust's capital investment programme has been fully costed and reflected into the LTFM.
- 1.13.11 The £358m PDC drawdown has been modelled in line with the construction programme. A continuation of drawdown of PDC is defined to conclude the Early Works Programme and enable the Reconfiguration of services consistent with the approved 4th wave STP Capital Investment Bid.
- 1.13.12 The Trust remains committed to making significant savings in order to enable further investment in strategic areas; CIPs are assumed at an average of at least 1.1% of turnover.
- 1.13.13 The Trust is assuming a 90% impairment of its asset valuation for Midland Met from 2022/23 as per the OBC 2018.
- 1.13.14 Sensitivity analysis has been conducted to stress test the affordability.

## **1.14 Management Case**

- 1.14.1 Approval of this FBC will enable a Preferred Bidder to be appointed to complete Midland Met with contract execution scheduled for August 2019. A 28.5 month construction period is expected. Practical completion is due in December 2021, enabling opening by May 2022.
- 1.14.2 The extant Early Works Contract will be extended in order to ensure the continued security and integrity of the site pending construction completion.



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- 1.14.3 The Hard FM procurement will continue to run in parallel. Contract signature is scheduled for October 2019, with implementation synchronised with the Midland Met completion and the retained estate programme.
- 1.14.4 A comprehensive programme of change has been developed encompassing: the Early Works Phase of Midland Met; the Midland Met construction completion; Reconfiguration; and the Estates and Capital Programme.
- 1.14.5 An assessment of the Trust’s resourcing of the programme has taken place. Actions have been taken to ensure that there is sufficient capacity and capability in the team to manage the full spectrum of required change activities effectively.
- 1.14.6 The programme will continue to be governed through the Trust’s Major Project Authority, a sub-group of the Trust Board.
- 1.14.7 The table below shows the key milestones that have been achieved and milestones to the Midland Metropolitan Hospital being operational.

**Table 5: Key milestones to Midland Met being fully operational**

<b>Milestone</b>	<b>Date</b>
Strategic Outline Case approved	July 2004
Outline Planning Consent granted	October 2008
Trust purchased Grove Lane site	September 2012
Refreshed Outline Planning Consent	June 2013
Outline Business Case approved	July 2014
OJEU Notice published	July 2014
Full planning consent granted	September 2015
Advanced works commence on site	November 2015
Approval of Confirmatory Business Case	November 2015
Financial Close	December 2015
Commencement of main construction programme	January 2016
Collapse of Carillion plc and cessation of construction	January 2018
Early Works Contract Commenced	October 2018
Outline Business Case for Construction Completion approved	January 2019
OJEU Notice published for Construction Completion	January 2019
Full Business Case for Construction Completion to be approved by Trust Board	June 2019
Full Business Case for Construction Completion to be approved by NHSI / DHSC / HMT	August 2019
Construction Completion Contract signature	August 2019
Practical completion – Midland Met handed over to Trust	December 2021
Midland Met operational	May 2022

## **1.15 Risk Management**

- 1.15.1 The project team has identified a number of project specific risks and is managing them through the appropriate governance arrangements in the Trust.
- 1.15.2 Upon termination of the PF2 contract, responsibility for Midland Met, its construction and the attendant risks passed to the Trust. The Trust purchased a number of warranties upon termination of the PF2 contract in order to reduce its exposure to risks with the design. The Trust has passed some of the design and construction risks to the construction contractor where economic to do so, as agreed with approval bodies in the Outline Business Case (RCC).
- 1.15.3 There is a pool of residual risks relating to the construction which has been identified with the RCC. These are being managed closely between the project team and the RCC, with a mechanism established to incentivise both parties to mitigate them in the most economic way.
- 1.15.4 The project team will continue to actively manage the risks, identifying the Trust's overall risk exposure and escalating to the Trust Board via the Major Projects Authority as required.

## **1.16 Sustainability**

- 1.16.1 The Trust remains committed to meeting its sustainability, regeneration and corporate citizenship responsibilities as per the original PF2 contract. Regeneration of the communities within which we operate is a key priority of the Trust and therefore the Project.
- 1.16.2 The new hospital is located in one of the most deprived wards in the country, located within Sandwell but on the border of Birmingham City. The Trust recognises that there is a 'hard-wired' link between the long-term health of their community and the employment opportunities available.
- 1.16.3 The Trust will continue to partner with both Sandwell Metropolitan Borough Council and Birmingham City Council in both the assessment of bidder commitments and will play an active role in their subsequent delivery. Some of these responsibilities will now be discharged by the RCC.
- 1.16.4 The Trust has also set requirements of the Hard FM bidders in this regard.

## **1.17 Workforce**

- 1.17.1 The Trust's vision to become renowned as the best integrated care organisation in the NHS is underpinned by a People Plan. This sets out the key changes and investments in our workforce which are needed to ensure that we can deliver the best possible care for our patients.

- 1.17.2 Training remains a priority and the protected training budget has increased by 40% for 2019/20.
- 1.17.3 The trust has a successful approach to recruitment and appointed over 300 band 5 nurses between April 2017 and July 2018. The facilities and working environment offered by the Midland Met will improve retention and recruitment yet further.
- 1.17.4 The Trust has delivered its delivered its Apprenticeship target of 2.3% in December 2018, demonstrating its commitment to up-skill the local workforce.
- 1.17.5 The Trust has demonstrated that it can deliver its planned pay cost reductions and continue to have a sustainable and affordable workforce. Agency spend has been cut by c.30% over the last 2 years, despite there being fewer nurses graduating from university.
- 1.17.6 Further efficiencies will continue to be made to ensure that the workforce becomes more productive and can deliver better care to more patients. The priority will be to make further reductions in the non clinical workforce in order to create additional investment for the clinical workforce and prioritise patient care.
- 1.17.7 Further productivity improvements will be enabled through greater use of technology and the move to the single Midland Met site for many critical clinical services such as ED.
- 1.17.8 A robust implementation plan has been developed to ensure that staff can adapt quickly and work effectively in the new environment. Similarly, the Trust has implemented a new induction and 'onboarding' programme and a streamlined approach to mandatory training.

## **1.18 Conclusion**

- 1.18.1 The conclusion of this FBC is that:
- Since approval of the OBC (RCC), the strategic context, case for change and economic case reaffirm that the Midland Met is necessary and represents the best solution to enable the provision of high quality, sustainable care.
  - The scheme remains affordable as demonstrated by the financial modelling.
  - The bid following the 'dialogue' stage is compliant and the Trust is now ready to appoint the Preferred Bidder with the intention of signing contracts in August 2019.