



## ESTATE MAJOR PROJECTS AUTHORITY COMMITTEE MEETING MINUTES

**Venue:** Room 13, Education Centre,  
Sandwell General Hospital

**Date:** 28<sup>th</sup> June 2019 Time 15:00 – 16:30

### Members:

Mr R Samuda	(RS)	Chairman
Mr H Kang	(HK)	Non-Executive Director
Mr M Hoare	(MH)	Non-Executive Director
Cllr W Zaffar	(WZ)	Non-Executive Director
Mr M Laverty	(ML)	Assoc. Non-Executive Director
Mr T Lewis	(TL)	Chief Executive
Mr A Kenny	(AK)	Director of Estates / NHD
Ms D McLannahan	(DM)	Acting Director of Finance

### In Attendance:

Mr K Reynolds (KR)

### Support:

Mrs P Lee (PL)

### Apologies:

Ms J Dunn (JD)

Minutes	Reference
<b>1. Introductions [for the purpose of voice recording]</b>	Verbal
The Committee members introduced themselves for the purpose of the recording.	
<b>2. Declarations of Interests</b>	Verbal
There were no declarations of interests received.	
<b>3. Apologies for Absence</b>	Verbal
An apology was received from Ms J Dunn.	
<b>4. Minutes of the Previous Meeting</b>	EMPA (06/19) 001
TL noted that before the minutes of the meeting held on 26 April 2019 be approved that some re-phrasing of some statements were required.	
<b>Action:</b> TL to edit the minutes of the meeting held on 26 April 2019 for approval.	
<b>5. Matters Arising (Action Log)</b>	EMPA (06/19) 002
An update of matters and actions arising from the previous meeting was provided in the action log at the end of the meeting papers.	
<b>6. Strategic Board Assurance Framework: Controls</b>	EMPA (06/19) 003
TL noted the three SBAF risks outlined in the Paper: <ul style="list-style-type: none"> <li>#17 – would be discussed at the Digital Committee meeting.</li> </ul>	

- #6 – there were risks for all parties:
  - the Trust (completed)
  - Balfour Beatty (continuing with controls in place), and
  - government risks (management plan in place). Parliamentarians and other statutory stakeholders were briefed at least once a month. The government delays were the risk and would have a downflow affect to Balfour Beatty; who may decide that they have had enough or that the price agreed to was no longer applicable. He noted that they would only ever get limited assurance.
- #19 – there was a small number of medical workforce positions in which was difficult to recruit to or retain, some of positions would be enhanced by moving activities to a single site. Acute medicine could not be moved to a single site; however, it could be bolstered by moving other activities to a single site. Rachel Barlow and TL chaired weekly meetings and anticipated to meet the July deadlines. There was a small risk that the change in political leadership in Sandwell would make the reconfiguration of respiratory medicine into City marginally more contentious. It was decided to score the risk as *Adequate*.

## 7. Commercial Agreements and Disagreement with Balfour Beatty

EMPA (06/19) 004

TL noted the ITPD Close Out Presentation and highlighted the following key points:

- The Trust would like practical completion in December 2021 with a follow-on period for commission. Balfour Beatty was working with practical completion of April. TL noted that he would like to identify opportunities to migrate that date backward with a target date for practical completion of 14 February.
- Need to achieve move-in in May (or earlier) and to achieve that they would need to either; finish earlier, or move in before they finish. The programme provided for a lot of post-opening testing; therefore, it was possible.
- Need the government to progress and before the Commonwealth Games – use the Games as incentive for motivating the government.
- As it stands, they were still within the numbers (cost).
- The challenge was to manage the £266.95m, without creating compensation events and deploying contingencies.
- Commercial design, key points:
  - Balfour Beatty engage H&K to validate the design – part of the early works contract, all other parts of the early works contract would be paid by the Trust.
  - Caps on liability – Balfour Beatty proposed the industry standards on caps on liability and the Trust had proposed above that; however, the Balfour Beatty position would be tolerable.
  - The Interface Agreement between the hard FM supplier and the builder would be a direct relationship under a PFI contract. Balfour Beatty was pushing for an indirect relationship with the hard FM supplier.
- In summary:
  - Were within cost.
  - Not meeting the timeline.
  - The risks were managed.

- On target with commercials and design.
- Had challenges with government – need approval from NHSI, DHSC and Treasury (from each body twice for; preferred bidder, and commercial close). TL noted that he was pushing for approval only once and concurrently. The agreement with NHSI was that their and DHSC’s processes would work concurrently, and then go to treasury for NHSI to conclude by today. However, that had not eventuated and was still re-coverable at regional director level. For delivery by the end of August required to be out of NHSI and DHSC by mid-July. An end of August delivery was important to allow for orders to be placed at the right end of an inflationary cycle to make it easier to meet the £266.95m. TL noted that he had a soft agreement with NHSI and DHSC had not provided their questions or approval (which he would escalate within the next 72 hours).

The Committee had a discussion with the following points raised:

- Balfour Beatty was entrenched within the local economy and TL was not sure of how deeply involved they were in the Commonwealth Games. Midland Met was a strategically important project for Balfour Beatty.
- Contingency – identified ways to reduce costs in the build. Some had been agreed and some not agreed (due diligence not yet done).
- Cladding – there were three different types:
  1. Definitely fail (in the price)
  2. Probably fail (in the price)
  3. Possibly pass (not in the price)

It was noted that the cladding would be tested in October resulting in identification of what cladding could be used. TL noted that the timeframe should ideally be brought forward. TL noted that he would circulate the cladding briefing to the Committee.

- Potential general election may have impact (delays).

**Action: TL to circulate the cladding briefing to the Committee.**

## 8. Estate and NH Team Capacity and Capability After Contract Signature

EMPA (06/19) 005

TL noted that the Paper set out the current organisation of the advisory input and provided a brief history in the way the team had adapted since Carillion’s demise. Work was continuing to deliver the programme through the four workstreams:

- Procuring and delivering the early works contract – Dave Hollywood
- Obtaining the replacement contractor to finish the work – Austin Bell
- Managing day to day estate – Kevin Reynolds
- Commissioning the new hospital and associated projects – Jayne Dunn

The team would need to reshape as they move from contract signature, to the delivery of the hospital, and then into the hospital. He noted that section 3.1 and 3.2 in the Paper detailed the considerations in developing the final proposals. Section 3.2 outlined considerations in how they would manage their commercial headspace around the things that were enabled through Midland Met and a wider Master Plan. In all scenarios there would be an outsourced estate function and preparation to manage the outsourced estate would be required.

TL noted that the Sandwell changes could not be implemented until they had moved into Midland Met and was operating smoothly. Therefore, the question was how to immobilise a 2.5–4-year programme to implement the clinical operating model. That would evolve after contract signature and would involve

downsizing some functions of AK's team in order to upsize some functions in 2020/21. TL noted he would finalise those in the coming months. TL stated that he would bring back to the Committee the accountability structure of Midland Met to identify the people and how they would operationalise the delivery of the scheme, and also bring back the latest work on the Master Plan.

The following discussion points were noted:

- Motts were on board as side by side advisors, with the expectation that they would manage the contract on their behalf when they go forward on Lots 1 & 2 on Hard FM.
- In regard to the interface argument with Balfour Beatty, it was the Trust's determination to get a Hard FM supplier on board before they obtained a construction contract.

**Action:** TL to bring back to the Committee the accountability structure of Midland Met to identify the people and how they would operationalise the delivery of the scheme, and also bring back the latest work on the Master Plan.

## 9. Hard FM Programme, Including Governance of In-House Bids

EMPA (06/19) 006

AK provided a progress report and the four shortlisted expressions of interest were:

- Bouygues E&S FM UK Limited
  - ENGIE Services Limited
  - CBRE Managed Services Limited
  - Sodexo Limited.
- Timeline – competition dialogue had commenced between ENGIE Services Limited and CBRE Managed Services Limited. Balfour Beatty was not involved in the process. It was noted that Balfour Beatty may find it useful to look at the two bidders around August (not part of the evaluation process).
  - No preference for bidder had been signalled.
  - In-house bid – currently two-weeks into a 14-week process. The in-house bid sat outside the external bids. TL clarified the bidding for the Lots:
    - Lot 1, external bids
    - Lot 2, external bids
    - Lot 3, external bid and an in-house bid.
    - When the best bidder for Lots 1 and 2 had been established, their Lot 3 bid would be compared to the Trust's bid for Lot 3. There would be no in-house bid for Lots 1 and 2.
  - AK noted that the attached Technical Note was for the Committee's information. TL noted that the Committee would need to consider section 4 of the Technical Note, *Submission and Evaluation of Final Tenders*. In October they would undertake the Lot 3 process. Individuals who were not involved would need to document that process by the August Board meeting.
  - DM noted the financial assumptions of each of the Lots (mix of revenue and capital). She noted that she would conduct an assurance process to ensure that the treatment assumptions were correct and would present that information at the next Committee meeting.
  - Lot 4 contained two elements. Lot 4a was *Life Cycle* and they had to ensure that was well handled. It was suggested to escalate it at the August Board meeting.
  - AK noted that the staff were embracing the work – albeit it was hard work. Looking positive.

**Action:** To arrange for individuals not involved in the process to document the submission and evaluation

of final tenders for Lot 3 by the August Board meeting.

**Action:** DM to conduct an assurance process on the financial assumptions on each of the Lots

**Action:** Escalate Lot 4a (Life Cycle) at the August Board meeting.

## 10. New Hospital, Reconfiguration/STP and Estates Development Projects

EMPA (06/19) 007

AK noted that Jayne Dunn's paper set out an update of the projects. He noted that:

- The Neonates Project had been approved.
- Carters Green Project – meetings had been held with the DV as to the next steps:
  - The Sandwell Council agreed to approval, although the Planning and Transportation Department was concerned about the impact of cars in the vicinity.
  - The Trust would fund the build (other than the grant they were seeking) and back the cost of their investment with a cost-rent scheme.
  - There was permission to include a pharmacy.
  - The planning application was determined on 12 February. The development would take up to 64 weeks from the start of works.
  - TL requested that the Chair delegate some non-executive directors to read the business case to bid for £1.3m from NHSC – if they don't get the funding, they would need to fund it in another way.
- TL questioned the status of the land that they had not yet purchased. AK noted that he would discuss with Capsticks. TL noted that if Capsticks do not see a problem, they would need to escalate it to the Land Tribunal as it had been ongoing for ten years.

**Action:** Chair to delegate non-executive directors to read the business case to bid for £1.3m from NHSC.

**Action:** AK to get an update from Capsticks about the status of the land not yet acquired and report back to TL

## Other Items

### 11. Meeting effectiveness / matters to raise to the Trust Board

Verbal

The following matters were identified to raise to the Trust Board:

- Midland Met deadlines
- FM Timescale for the In-house bid
- GP practice
- Strategic Board Assurance Framework: Controls

### 12. Any Other Business

Verbal

No other business was noted.

### 13. Details of Next Meeting

The next meeting would be held on Friday, 30th August 2019 from 15:00 to 16:30 in Room 15, Education Centre at Sandwell General Hospital. A virtual or emergency meeting may be required prior to that to consider issues associated with the Midland Met FBC.

Signed .....

Print .....

Date .....