

# ESTATE MAJOR PROJECTS AUTHORITY COMMITTEE - MINUTES

**Venue:** WebEx Meetings

**Date:** 24<sup>th</sup> April 2020, 15:00 - 16:30

**Members:**

Mr R Samuda	(RS)	Non-Executive Director (Chair)
Mr T Lewis	(TL)	Chief Executive
Ms R Barlow	(RB)	Director of System Transformation
Cllr W Zaffar	(WZ)	Non-Executive Director (until 4pm)
Ms D McLannahan	(DM)	Acting Director of Finance
Mr H Kang	(HK)	Non-Executive Director
Mr M Laverty	(ML)	Non-Executive Director

**In Attendance:**

Mrs Biran	(Rbi)	Assoc. Director of Corporate Governance
Austin Bell	(AB)	Project Director - MMUH

Minutes	Reference
<b>1. Introductions</b> [for the purpose of audio recording]	<b>Verbal</b>
The Committee members provided an introduction for the purpose of the meeting recording.	
<b>2. Welcome and declarations of interest</b>	<b>Verbal</b>
RS welcomed Committee Members to the meeting. There was no change in declarations of interest.	
<b>3. Apologies for absence</b>	<b>Verbal</b>
Apologies were received from M Hoare, R Biran.	
<b>4. Minutes of last meeting held 27 March 2020</b>	<b>EMPA (04/20) 001</b>
The minutes of the meeting held on 27 <sup>th</sup> March 2020 were reviewed and <b>ACCEPTED</b> by the Committee as a true and accurate record of the meeting.	
<b>5. Matters and actions arising from previous meeting</b>	<b>EMPA (04/20) 002</b>
<p>The Committee reviewed the action log. RB reported that some items were on the agenda. The following actions were updated:</p> <p><i>EMPA (10/19) 003 - Present current data on the risk assessment of service instability and impact of service instability of reconfiguration to the Committee.</i></p> <p>RB reported that this action was now effectively closed and would be dealt with as part of the regular SBAF agenda items.</p> <p><i>EMPA (03/20) 003 - Email the legal summary about the Midland Met construction contract and the impact of COVID-19 to EPMA Committee members.</i></p> <p>RB reported that further advice had been received from Capsticks about pandemic treatment against the contract. Their view was that COVID-19 matters did not necessarily become a compensation event and Gleeds concurred with that. RB reported that Balfour Beatty had been very engaged and had demonstrated a partnership commitment outside of the build programme in relation to COVID-19 support. RB reported that the COVID-19 test centre (operating daylight</p>	

hours, 7 days per week) was now in the carpark and the cost should clearly not be incurred by Balfour Beatty and would be applied for through the COVID-19 funds. RB further reported that introducing social distancing into some of the office space on site would also require investment. RB stated that a cost estimate had been requested.

## DISCUSSION ITEMS

### 6. Team capacity and capability – final proposal

EMPA (04/20) 003

RB referred Committee members to the paper and invited discussion about the completeness of future team structures. RB summarised that the paper had been supported by advice from MOTTs [Mott Macdonald] in regard to the Contract Team roles and had been benchmarked thoroughly. Some examples of similar sized Trusts with similar sized contracts had been included.

RB reported that several posts had substantive people in post, with some recruitment still to be done. Job description writing/revising and staff engagement for five Tier 2 identified posts had been timetabled. By the end of May it was expected that recruitment into the vacant posts would be complete as would engagement with the leadership team subject to change by the end of the year (the mobilisation team for the Engie project).

RB raised the issue skills gaps within the Improvement Team and was confident this in the main would be addressed through recruitment. RB stated that some projects would need specialist skills such as IT and logistics may require commissioned support.

In response to a query from TL, RB confirmed that by the end of May everybody in the leadership team would know their new roles in the Midland Met team and new hires would have been made.

ML commented that the new hospital was a once in a lifetime opportunity to do things significantly differently. He expressed the view that the transformation scheme appeared traditional and did not currently demonstrate the digital skills, process management and cultural change enablers to drive substantial change. RB agreed the content referred to was essential for the project and clarified that the paper had not detailed the change programme detail and approach. RB stated that, in terms of IT, a recent workshop had been held with the project team to review progress in this area. RB expressed the view that specialist expertise would be needed to ensure the correct IT was installed in the building and stated that these works would be scoped by June.

WZ welcomed the paper's recognition that work with the team would be wider than the hospital and would extend into the local neighbourhood and communities.

### 7. Midland Met – COVID-19 impact assessment

EMPA (04/20) 004

RB reported that both SWBH and Balfour Beatty had been very engaged in keeping the [Midland Met] build going during the COVID-19 crisis and in the risk assessment of the project. RB, Austin Bell and the Balfour Beatty team had been meeting up twice a week.

RB acknowledged the help Balfour had contributed in supporting networks to help with PPE and ventilator part production etc and the company was acknowledged in the 'Clap for Business' recognition.

There were two main risks to note:

- The staff resource level was potentially vulnerable to additional Government restrictions. RB reported that currently, resource had been increasing week on week and therefore, it was on target for the work level on site.
- Material supplies from the supply chain allied to the programme were being risk assessed and a fortnightly report would be produced.

AB acknowledged that supply chain management was a complex issue but paid tribute to the work that

had gone into the continuance of the programme so far. There were between 160 and 170 people currently on site, which would rise to around 700 to 800 people in the months ahead. The future challenges would be staff welfare facilities (including sub-contractors) on the site and the safe dispersal of people across the project (planning for social distancing).

However, there were large numbers of people being successfully managed on an active project in Manchester which would be a useful reference.

AB reported that the site team had been responding to changing weekly guidance from industry bodies and items were being risk assessed. PPE had been employed where appropriate. Risks were being managed on a day by day basis.

AB reported that the assumption had been that the project would be allowed to continue, providing work took place within the guidelines. Cost modelling of an 8-week delay had indicated a cost implication of around £8.5m. It was assumed that any COVID-19 related costs would be recovered from NHSI. Meetings were taking place with NHSI every two weeks and assessment of the impact would be carefully examined every couple of weeks.

AB reported that, legally, NEC guidelines determined this was not a compensation situation, unless there was a critical delay to the project which might create a legal grey area. AB reported that guidance and clarification from Centre would be expected.

AB explained that Balfour [Beatty] had been told that they were expected to do everything reasonable to perform the contract.

ML queried the contingency figure in the project budget. AB confirmed that the Trust's contingency was around £16.5m. AB reported that Balfour Beatty also had a similar contingency pot, which meant the whole project contingency fund amounted to around £30-32m. AB commented that it was not inevitable there would be a delay to the opening of the hospital, however, this would be dependent on the length of the restriction period.

AB reported that the likely scenario would be that some of Balfour's large supply chain would fail in the coming year [because of economic pressures]. AB reported that this might mean that Balfour [Beatty] would have to step in to support the cashflow of a key supplier which would allow them to recover lost time.

TL commented that the Trust was fortunate to have chosen a risk managed contract with a major contractor to carry out the work. TL observed that despite the contract in place, the Trust needed to pay attention to the overall financial position of Balfour [Beatty] to prevent getting caught up in any potential crosswinds.

AB expressed the view that the Trust's relationship with Balfour Beatty was the best it could be in the circumstances and reported that company was appreciative of the regular communication.

HK queried supply chain resilience and the possible effect of overseas restrictions on the movement of materials. AB reported that an exercise was being carried out by Balfour Beatty on the supply chain as many components came from overseas. Bulk orders had already been made and received, e.g. 8-weeks of plasterboard, and an update on supplies generally was expected in the coming days.

## 8. Cashflow governance

EMPA (04/20) 005

AB summarised the position with NHS Midlands as follows:

The Trust had received a cashflow negotiated with Balfour Beatty and this had formed the basis of the agreement with Centre. The cashflow had captured the following three elements:

- The Balfour Beatty works contract
- Contingency held by the Trust

○ Other costs incurred

AB reported that Balfour Beatty had since changed its cashflow and the impact had been that the Trust had drawn down less than expected in 2019/20, that it would draw down more in 2020 and then less in 2021/2022.

There was a new cashflow in place and some had questioned whether it was achievable in this financial year. Evidence in support of the numbers had been requested from Balfour Beatty. AB expressed the view that the Trust would end up paying the actual costs as they arose. This position was understood by NHSI. The situation had been explained to NHS Midlands to ensure they were comfortable with the approach. Meetings were being held every two weeks with the team from NHS Midlands that manages the draw down approvals process.

AB reported that some invoices from Balfour Beatty would be very large; in the region of £20m per month. AB further reported that there was a short invoice payment period of 14 days, but this was being achieved. Success depended on speedy delivery of invoices to NHSI and accompanying information to reassure them that costs were correct. DMc confirmed that the process had gone smoothly in April.

AB reported that the Trust had not yet drawn down any contingency from Centre, but the intention was to draw down contingency in the current quarter. AB reported that Centre had been reluctant to permit draw down before costs had been incurred. Discussions were ongoing with NHSM to get draw down ahead of time.

DMc reported that an MOU clause provided that if the Trust was contractually committed on contingency then it could draw down. AB reported that the Trust would commit to the compensation events within the next two months and at this point draw down from NHSM.

TL reminded the Committee that it had always been anticipated that the entire contingency fund would be spent and expressed the view that the good relationships which had been fostered with NHS Midlands would be valuable.

AB reported that delegated authority would be required to sign off invoices. TL reported that the delegation arrangements in relation to budgeting had already been agreed and the Board had already agreed to delegation the same as for the PFI. TL commented that two signatories would offer security. TL suggested that the Committee agree the delegation which could then be reported to the board as a matter arising at its next meeting. RS agreed that this audit trail appeared reasonable.

**9. Clinical programme – 2-year milestones**

**EMPA (04/20) 006**

RB referred committee members to the paper explaining it was still a work in progress for discussion and feedback and it had not yet been socialised with clinicians.

RB reported that the details of the Commissioning Plan were being reviewed and timelines would likely be changed.

RS raised the issue of the 9<sup>th</sup> floor use. RB reported that the infrastructure had been put in for the space to be used for wards. A third of it would be devoted to ambulatory care.

RS enquired about rehabilitation facilities in the spaces. RB stated that the diagnostic and therapeutic models were still to be designed and RB reported she would formulate with others a blueprint for this and other considerations such as dementia care etc to ensure different ways of working utilising the non-ward based hospital environment.

RB reported that some of the changes that had been made recently in response to the health crisis were complementary to how the Trust wanted to work in the future and may accelerate some implementation as the programme was documented over the coming weeks including 7 day working and IT innovations in clinics and cross site working.

HK queried whether some space on the 9<sup>th</sup> floor of Midland Met could be dedicated to clinical research. HK expressed the view that a move should be future focused and aligned with the nearby development of the life sciences park with companies doing Phase 2 studies. TL commented that there would need to be a good clinical reason for moving research facilities from Sandwell.

ML queried how users (patient groups and medical professionals) were being involved in the development of Midland Met. He also queried whether the NHS evaluated the new hospital. RB reported that the stakeholder map was currently being revised to ensure it was complete and current. Externally, social care providers had been engaged. Mental health providers would also be key partnerships. RB also expressed the view that patient input would need to be considered carefully. There had already been input from patients at the design stage.

ML commented that, in the COVID-19 environment, there had been learnings from customer interactions that should be taken forward. RB agreed. TL commented that a piece of work about 'lessons learned' would be valuable to produce in the future.

TL commented that booking the moving firm should always be done early and queried the timeline set out. Secondly, TL suggested that the content of the transformation plan be mapped out in time for feedback by Christmas 2020 as this had been a learning from the implementation of Unity. RS commented this was an important point which should be included in the target and taken to the Board.

**Action: RB to map the transformation plan for feedback and wider circulation by December 2020 and the timeline to be included in the target and taken to the Board.**

**10. Midland Met RCC Update**

**EMPA (04/20) 007**

TL referred Committee members to the paper and explained that many of the issues had previously been discussed but raised the issue of cladding.

TL reported that the paper asked the Committee to note that there was a negative compensation event (a variation of the contract to get money back). TL further reported that three tests were being run on three types of cladding. The Trust was confident that one of the types would fail and this was inside the contract sum for replacement. Two other types were outside the contract sum and it was expected that one of the types would pass and the other fail.

The cladding type that was both outside the contract sum and expected to fail was the large cladding replacement. TL reported that there would be an ongoing dialogue with suppliers about the replacement of the wood to ensure a variety of texture and colour on the façade.

TL reported that there would be a series of in contract and out of contract instructions for decision in the next quarter.

RS queried whether there was a risk that the Trust would not be able to find a supplier. TL assured RS that a supplier of a safe product would be found and that the Trust was confident about supply and that the costs were within the expected range. TL explained that whilst one of the suppliers could replace the original cladding, there was now an unacceptable component to it. TL expressed the view that the project should be started apace.

**MATTERS FOR INFORMATION/NOTING**

**11. Oxygen COVID-19 status assessment**

**EMPA (04/20) 008**

A comprehensive briefing had been received from RB for noting, which had included risk assessment of the current position which provided assurance on oxygen supply and risk mitigation against the surge COVID-19 plans.

RB stated that the experienced COVID-19 scenario would be stress tested in relation to oxygen and MMUH over the next two weeks.

**10. Meeting effectiveness/matters to raise to the Trust Board**

RS stated that there were several update to take to the Board in the summary note.

**11. Any other business**

**Regeneration**

TL reported that a third meeting had taken place with Sandwell and Birmingham Councils, the Canals and Rivers Trust and the combined authority. TL acknowledged the contribution of WZ and Cllr Ali of Sandwell in making significant progress in merging public bodies towards an ambitious vision to create a joint masterplan. There had been agreement to create a joint masterplan and to its geography. TL reported that there was an acceptance that a development vehicle might be needed in due course and there had been good engagement by all parties.

TL reported that it was important that the relevant Councils and their elected bodies set an ambitious agenda for the project rather than concentrate on a residential project.

With regard to compulsory purchases outstanding, TL further reported that the Trust was still engaging in discussions about land strips with three entities separately. There was no argument with Thandi and another supplier, however, Pall Mall had submitted a very large claim for its strip of land. TL reported that the legal advice had been taken and the costs of contesting calculated. The legal view was that the Trust’s position was right i.e. the piece of land was worth £205k and not £700k as claimed. TL reported the Tribunal had agreed to defer the matter until the end of June 2020 and the Trust intended to make basic legal submissions to Pall Mall.

If the Tribunal does not support the Trust’s basic position, then the Committee would be consulted on Pall Mall’s larger claim.

TL reminded the Committee that there were no title issues as the Trust owned the land, but it had not been paid for.

RS thanked TL for the work that had been done on regeneration.

**Invoice**

TL reported that there was an invoice of £1.6m, which was larger than his delegated limit. TL requested that he and RS look at it on behalf of the Committee to determine if the invoice was good to pay. The Committee agreed.

**Details of Next Meeting**

- The next meeting to take place on 26<sup>th</sup> June 2020 from 15:00-16:30 in Room 13, Education Centre, Sandwell General Hospital.

Signed .....

Print .....

Date .....