3Ts Programme Board

Report to the Board of Directors, 21 December 2015

Summary Status

1. The summary dashboard below sets out an assessment made of the progress/status of each of the key workstreams in the 3Ts programme.

2. The summary assessment uses the Major Projects Authority (MPA) Gateway classifications (which are attached as Annex 1 to this report) which is a five point scale.

3. This rates overall progress as Amber/Green.

4. This provides a consistency with the Gateway classifications which the 3Ts Programme Board is also using to formally assess the status of the programme against the National Audit Office/OGC "Common Causes of Project Failure" on a quarterly basis.

	Schedule	Scope	Budget	Resource	Risks	Issues	Summary
Main scheme							A
Decant							A
Stakeholder Engagement							G
Modernisation And Workforce							A

5. The most recent external Gateway Review undertaken on the 3Ts Programme from 10th-12th November 2014 rated the programme "Amber/Green".

Reasons for Red/Amber Ratings

Decant

6. The Hanbury and Courtyard buildings are currently scheduled for completion in April 2015 as previously reported to the Trust Board. Courtyard comes into use February, Hanbury in use May / June.

7. The Planning Application which was submitted for the Clinical Administration Building in the north east corner of the site was approved at the end of October and the Decision Notice was released on 10 December. This will provide accommodation for parts of the decant programme and some additional capacity to assist with space constraints in the emergency department.

8. Galliford Try has forecast a delay in completion from the original date of Christmas 2015 to a revised date of summer 2016, although this is still subject to review. This has occurred because of several factors; one of them being the structural challenges of the retaining wall at the North of the RSCH site. Alternative office accommodation for those located on the 3Ts Stage 1 site area will be made available by March 2016.

9. Due to operational pressures, the space adjacent to the Emergency Department which was occupied by the Clinical Investigation and Research Unit (CIRU) is now being used to manage emergency patient flows. This element of CIRU has therefore been located in the space in the Children's Hospital which had been earmarked for Paediatric Audiology.

10. An alternative solution has been identified which relocates Adult Audiology to Sussex House, and the Paediatric Audiology issue is therefore resolved with regards to the decant and 3Ts programme, but will require resolution as part of the Trust's normal planning and capital processes. The firm intention is to relocate the service to the Children's Hospital, but alternative accommodation will be required for CIRU, and this is currently in development.

11. Work is therefore developing to investigate mitigations to the issues involved in a phased site handover. This involves staggering the evacuation of the Stage 1 site and minimising the possibility of "double decanting" the services which will be affected.

<u>Main Scheme</u>

12. The plan is still to proceed with main scheme preparatory works on site in January 2016: There will be a phased hand-over of the Stage 1 site between January and June 2016. Preliminary works are also scheduled for the Thomas Kemp Tower in readiness for construction of the helideck and the new energy centre for the site. Liaison with Trust operations will be vital, as this will necessitate timed closures of the South Service Road early in 2016. This engagement and liaison is well underway. The new Site Logistics Group has begun to meet to this end and has full operational/clinical involvement.

13. Some service diversion works are being undertaken on the site between November and December 2015 to prepare the way for the implementation of the main scheme. These were part of the application made to, and approved by, the Independent Trust Financing Facility, last year.

14. Lessons learned from the decant schemes will inform main scheme in the coming year.

FBC approval and Contract Signing

15. As reported at the Trust Board on 14 October, Board approval was sought to allow the CEO and CFO to sign the final contract with LOR subject to resolution of a small number of legal/commercial issues and DH determination of the way forward with regards to overall funding. This was formally agreed.

16. Official approval was received on 2 December shortly after the Chancellor's Spending Review and Autumn Statement on 25 November.

17. Following the receipt of this letter, and confirmation to the DH that the Guaranteed Maximum Price was unchanged from that agreed, the contract was signed with Laing O'Rourke on 7 December.

18. This follows an intensive period of contract negotiations involving the team and a refresh of the joint risk register. This enables the critical path to construction to be maintained to enable a start on site in January 2016.

19. I also provided an update on the GMP and the legal/commercial positions achieved to the Board (and DH) prior to signature. Our legal advisers, Michelmores, confirmed that the overall positions reached for non-standard, project specific contract clauses represented an improved position on the standard contract, but were not so significant that they would represent a change to the overall Procure 21 framework requiring reprocurement.

20. As has been noted elsewhere, this is a very significant milestone and the culmination of almost eight years work by hundreds of staff across the Trust and in our partner organisations. I would like to formally record my thanks to them and in particular to the internal Trust team who have kept the project moving through thick and thin to get to this point. The successful implementation of the build project will improve the physical environment for patients, carers and staff immeasurably.

21. A meeting also took place with Brighton & Hove City Council in order to begin the process of discharging the conditions of the planning approval and the Section 106 agreement. This was positive and we remain optimistic about our ongoing relationship with the planners.

Modernisation and workforce

22. As stated in November, the Trust-wide Workforce Modernisation programme, which aims to reduce the overall pay cost base through new/extended roles and streamlined education pathways, is progressing. This has a number of critical drivers, including national agency caps, the avg. 3% year-on-year pay cost reduction assumed in the Trust's Long-Term Financial Model (LTFM), and 3Ts expansion in some of the hardest-to-recruit specialties (with additional staffing assumed at marginal cost). The plan has been reviewed by the TDA as part of 3Ts due diligence, and is developing in partnership with Health Education Kent, Surrey & Sussex (HEKSS) and the KSS Academic Health Sciences Network (ASHN).

23. The key challenge is funding pilots/initiatives (especially where these require double-running to support 'grow your own' schemes) during a period of considerable financial pressure, and retaining the longer-term view alongside the immediate operational imperative.

24. As well as the implementation of the build element of the programme, we must now start to focus our attentions on how we improve care pathways across the health economy, how our workforce needs to change to achieve that and how this can be best supported by technology.

25. This will need to be done in partnership with across the health and social care community. This will ensure that we get the best out of the build, but also ensure that the Trust, and the wider system, remains sustainable in the face of the very considerable demographic and financial pressures of the next five years as we will start moving into the new build.

Risk and Regulatory

26. The top 11 BSUH risks with a score of 15 or greater are as follows:

- **Main Scheme Capital (24**). Trust do not vacate all of site in a timely manner as part of the decant leads to delay to start of construction, cost of inflation, increased duration of decant and associated costs;

- **Design Process 1 (33).** This risk refers to the possible impact of construction on immuno-compromised patients. The mitigation includes the following: Review of evidence from other construction sites and further testing as work on site progresses. Risk and method statements are to be developed in partnership between the contractor and the Trust teams (including infection control) to identify key risks and strategies for mitigation whilst construction is underway. Good progress is being made in developing practical solutions to this issue;

- **Design Process 2 (55**). There is a risk that stakeholders within, and outside, the Trust are unsatisfied with the construction, demolition, excavation and any other methodologies applicable for the delivery of the works as described in the Method Statements, causing significant delay to construction. Mitigation includes early identification of key stakeholders and formal sign off of method statements. Clear authorisation for works on site, or any requests to cease work on site is also imperative. Preparatory work is underway on the identification of these issues and detailed work has started on the development of the risk and method statements;

- **NRB P21 GT (8)** Stage 3 Approvals and Contracts not implemented in time leading to delayed design deliverables for the Clinical Administration Building (CAB);

- **Trust Business Continuity (19)** Site electrical Infra-structure is inadequate. NRB will provide additional energy and plans for a revised British Gas solution for energy provisions are being brought into line with 3Ts Energy Centre plans to ensure a smooth transition through the work phases;

- **Main Scheme Capital (6)** Failure to sign up partner Trusts / Medical School /CCG to the brief. Negotiations with BSMS close to fruition re financial settlement for the cost of this space;

- **Main Scheme Capital (30).** Prudential Borrowings used as procurement route instead of Public Dividend Capital could add £15.6m to CIPs programme over next 10 years and have an adverse effect on Trust's liquidity position. Mitigations include ensuring borrowing is under best possible terms for BSUH and the release of the final approval letter should frame the discussions on this;

- **ICT (28). Continuing Alignment with Trust IM&T developments**. Mitigation includes discussions about the potential for savings within ICT developments, as well as the initial costs of implementation;

- **Business Continuity (22) Commissioners cannot afford scheme (changes in the size and allocation of resources for health care) which undermines FBC.** Mitigating this risk includes further discussions and negotiations via Strategic Partnership Board and National Programme Board. Downside scenarios have been outlined within FBC and now require further modelling;

- **Main scheme Capital (1)** Support with transitional costs is withdrawn. Transitional costs have been agreed with commissioners to be funded by 2% top slice. Invoice has been raised for 2014/2015 and monies received. Mitigations will be included in the negotiations regarding the FBC approval;

- **Decant all (6) Failure to implement Decant Plan**. Operational staff now engaged and a range of solutions are being worked through for the "orphans" although some double decanting will now be necessary.

27. These risks have not been refreshed at Programme Board level since the last Board report. They have been reviewed at Programme Team level and will be reviewed and revised completely during January to ensure that the risk register now reflects the implementation stage of the programme.

Finance

28. The monthly finance report is summarised below:

- The current actual spend this financial year is £20.69m against a forecast of £34.49m. Actual spend is slightly behind programme due to timing of design work and Decant delays and Forecast reflects a ramp up of Main Scheme activity in January 2016.

- Revenue expenditure is within budget, with the programme making a £0.17m contribution to the Trust's Efficiency Programme

Programme and Project Management

29. **Gate 3 Action plan**: As reported to the 3Ts Programme Board, the recommendations continue to be reviewed and implemented.

30. The programme governance arrangements are being refreshed as we move into a phase 4 construction contract and these will be brought to the January 2016 Board for discussion.

31. As part of the overall governance arrangements, the National Programme Board (comprising DH, NHS Improvement, NHS England and Clinical Commissioning Group representatives) will continue to meet and discussions are underway to determine the terms of reference and meeting frequency of that group.

32. It has also been agreed to establish a Strategic Partnership Group between commissioners and the Trust to ensure that there is continued alignment between the Trust's clinical strategy and commissioning intentions as we move through the implementation period of 3Ts and to ensure that emerging risks are identified and appropriately managed.

Conclusions/Recommendations

33. The Board is asked to note this report and the mitigations which are in hand to manage the key risks. The Board is also asked to note the very considerable milestone which has just been achieved.

Duane Passman
3Ts Programme Director and Senior Responsible Owner
12 December 2015

Annex 1 – Gateway Criteria Descriptions

Colour	Gateway Criteria Description
	**Green**: Successful delivery of the project/programme appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly.
	**Amber/Green**: Successful delivery appears likely. However attention will be needed to ensure risks do not materialise into major issues threatening delivery.
	**Amber**: Successful delivery appears feasible but issues require management attention. The issues appear resolvable at this stage of the programme/project if addressed promptly.
	**Amber/Red**: Successful delivery of the project/programme is in doubt, with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed.
	**Red:** Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget, required quality or benefits delivery, which at this stage do not appear to be manageable or resolvable. The project/ programme may need re-baselining and/or overall viability re-assessed